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THE JERUSALEM POST

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דבר

Talks with Poland on ties confirmed

By WLADIMIR STRUMINSKI
Jerusalem Post Correspondent
and Jerusalem Post Staff

BONN. — Renewed speculation about a possible resumption of diplomatic ties between Israel and Poland has been prompted by contacts between officials of both countries recently in the West German capital. The holding of talks was confirmed last night.

The latest talks were conducted on the Israeli side by Haiman Bar-On, assistant director-general of the Foreign Ministry.

These talks are reportedly part of an intensified process that started after a meeting last October in New York between the foreign ministers of Israel and Poland.

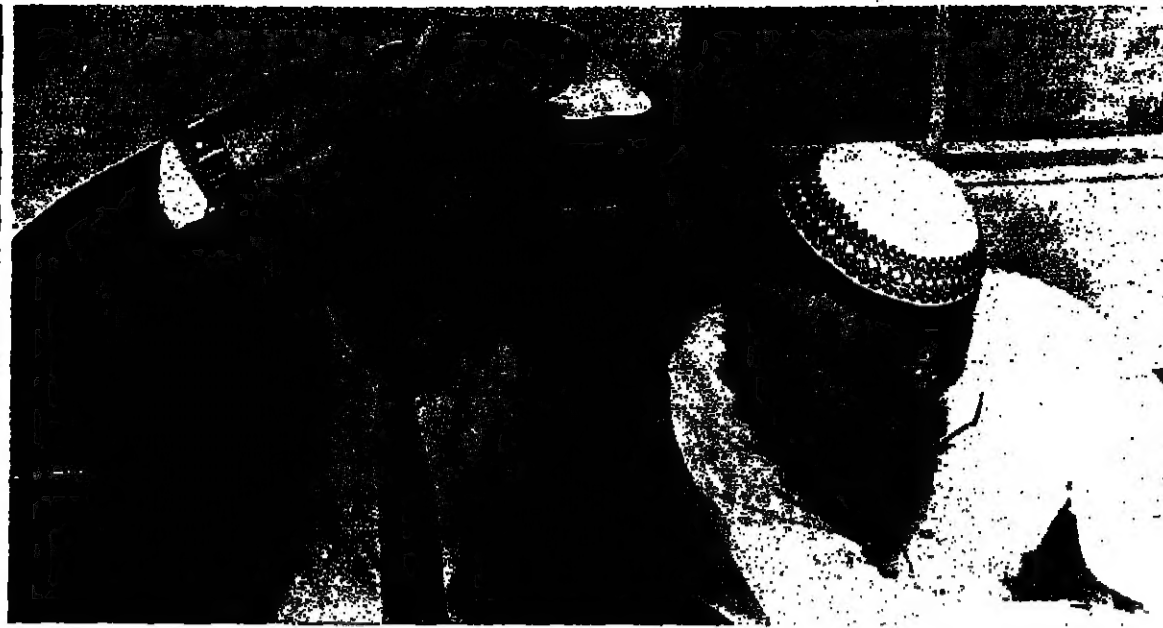
Poland, along with the rest of the Eastern bloc, severed relations with Israel following the Six Day War of

1967. Cultural contacts have recently warmed considerably, however, with a visit to Israel by Polish theatre and opera companies last December, and with several Polish companies slated to take part in next month's Israel Festival.

A request from Warsaw for a tour by the Israel Philharmonic Orchestra was cancelled a few weeks ago because of the orchestra's scheduling problems. But the Bat Dor dance company held a successful Polish tour recently.

In the past, however, Poland made it clear that it did not intend to re-establish formal diplomatic relations with Israel.

The Israeli Embassy in Bonn denied last night that a Polish delegation had visited the Israeli ambassador in West Germany, Yitzhak Ben-Ari.



Vice Premier Yitzhak Shamir adjusts his skullcap before Gush Emunim's fund-raising dinner in Hebron yesterday, as MK Haim Druckman looks on. (Rahamim Israeli)

Gush supporters pour into Hebron

By JOSHUA BRILLIANT
Jerusalem Post Reporter

HEBRON. — More than 10,000 people answered Gush Emunim's call to visit this city in a show of support for the settler movement, IDF sources said.

An exceptionally large security force of paratroopers, conspicuous in their red berets, Border Police, reservists and women soldiers were on guard in and around the city. The army was not taking any chances after Friday's stabbing of a 16-year-old from Kiryat Arba.

By and large the day passed uneventfully. One man was arrested for spitting at MK Yossi Sarid, who had come with MKs Mordechai Bar-On and Ran Cohen — all of the

Citizens Rights Movement — to counter the Gush event. A Kach supporter was arrested for pushing a soldier, while Kach leader Meir Kahane himself was removed from Hebron for alleged incitement.

Police said last night they had released the two detainees.

Yesterday's "tour" of the city due to be continued today — were ostensibly designed to commemorate the 18th anniversary of the re-settlement of Hebron.

Last night, Vice Premier Yitzhak Shamir, addressing a Gush fund-raising dinner, talked of "Jewish Hebron." And earlier, Housing Minister David Levy announced at a cornerstone laying ceremony at Neve Daniel in Gush Etzion that

within a few weeks his ministry would begin settling dozens more Jewish families in predominantly Arab Hebron.

Nearly all yesterday's visitors appeared to be Orthodox. Those interviewed by *The Jerusalem Post* said they identified with the settlers — though they did not expect to settle themselves.

Families with small children visited the Tomb of the Patriarchs, the Avraham Avinu compound, Beit Hadassah, Beit Romano, Tel Rumeida and other sites.

Some ventured into the Casba. A settler armed with an Uzi sub-machine gun led one group to sites which, he said, proved that Jews had

(Continued on back page)

Young English tourist slain at Garden Tomb

Jerusalem Post Reporter

A young English tourist carrying a Bible in his bag was shot dead in East Jerusalem yesterday while knocking at the closed gate of an Anglican holy site.

Paul Appleby, 28, of Bristol, was shot in the heart, apparently by a terrorist, in a cul-de-sac leading to the Garden Tomb.

The shooting occurred just 10 minutes after Police Minister Haim Bar-Lev completed a tour of the central business district of East Jerusalem.

Appleby was alone when he was shot with what police said was a small-calibre pistol. His assailant was lying in wait beside the high stone walls leading to the tomb.

"We are terribly distressed," said the Reverend William White, the Anglican director of the site.

He said that the shot was heard by Dr. Roger Gilbert, an Englishman who works at the tomb as a volunteer. Gilbert rushed to the gate, but by the time he got there the assailant had escaped.

"We are not frightened," White declared when asked why the Garden Tomb had been picked for a terrorist attack.

Jerusalem police sealed off the area and arrested several passersby, but refused to reveal details of their investigation.

Appleby arrived in the country about a month ago. He was staying at a hotel in the Abu-Tor neighbourhood of Jerusalem where his belongings were found last night.

Premier Peres said that everything would be done to arrest the perpetrator and to prevent such attacks.

(Continued on Page 2, Col. 4)



Police look for clues outside the Garden Tomb in East Jerusalem yesterday shortly after an assassin gunned down British tourist Paul Appleby, whose body lies covered by a sheet. (Rahamim Israeli)

Shamir: Syria dodges blame on terror

Jerusalem Post Staff

Syria fears an attack by Israel and the U.S., and is trying hard to persuade Western nations that it is not involved in any terrorist activity. This was the impression conveyed to Foreign Minister Shamir yesterday by Norway's deputy foreign minister, Torbjorn Froyanes, on his arrival in Jerusalem after a visit to Damascus.

But Shamir insisted that Libya and Syria both aided terror. He told his visitor that the only way to convince Tripoli and Damascus to change their ways was to strike at them militarily "along the lines of the latest U.S. strike at Libya."

Shamir criticized those Western

nations that had not backed the U.S. strike. Froyanes, for his part, explained that, while the Western nations had not backed the U.S., they had now begun to take "defensive action against terrorism."

This, Shamir said, was insufficient. What was needed, he said, was an all-out attack that would cripple international terrorism.

Shamir and his guest also discussed the role of Unifil and expressed satisfaction that clashes between the South Lebanese Army, the Israel Defence Forces and Unifil had become less frequent.

Israel, Shamir said, was not interested in becoming involved in clashes with friendly nations whose soldiers

served with Unifil.

Peres said on Israel TV last night: "Assad, even more than he is fighting for the return of the Golan Heights, is fighting to be the sole recognized leader of the Arab world."

Peres added that the Syrian president is now "rather angry that Gaddafis has stolen his thunder. Suddenly he [Gaddafis] is the hero of the Arab world" following the April 15 U.S. bombing of Tripoli and Benghazi.

Peres hinted Syria might feel compelled to take some radical steps, saying Assad's "dream is great, and his dream is dangerous." He did not indicate what he believed those steps might be.

Israel's foreign debt down first time in 13 years

By SHILOMO MAOZ
Post Economic Editor

For the first time since the oil crisis of 1973, Israel's net foreign debt has decreased.

In 1985 the foreign debt dropped by about \$600 million. It now totals \$19.3 billion.

The foreign debt had increased steadily from \$3b. in 1972 to almost \$20b. in 1984.

According to figures published yesterday by the Central Bureau of

Statistics, the gross debt reached \$30.2b. by the end of 1985, a drop of about \$200m. The net debt, calculated by subtracting all Israeli-held foreign currency from the gross debt, totals \$19.3b.

A number of factors contributed to the drop in the foreign debt, including an \$800m. improvement in the balance of payments and a 51 per cent increase in transfer payments to

(Continued on Back Page)

Discount cancels press conference

By PINHAS LANDAU
TEL AVIV. — Bank Discount yesterday abruptly cancelled the press conference it had previously scheduled for today at noon, when it had intended to present to the media its 1985 results.

Last week, rumours had circulated that, in the wake of the publication of the Bejski report on the bank share collapse, Raphael Recanat, chairman of the bank and of its

holding company, IDB, would cancel the press conference. But these rumours were denied, although journalists were requested to refrain from asking questions about the Bejski report and its recommendations — including the one that Recanat resign his posts within 30 days.

No reason was given for yesterday's cancellation, of which the press was informed in writing by Discount's spokesman, Ze'ev Gelbard.

YOU SHOULD KNOW ABOUT

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ACCOUNTS*

Despite controversy over Nazi connection

Waldheim still leading in opinion poll

VIENNA (AP). — Former UN secretary-general Kurt Waldheim is still the leading candidate in next Sunday's Austrian presidential elections, despite fierce controversy over alleged Nazi activities.

Analysis of the latest opinion poll, published yesterday, shows that Waldheim's only worry is the growing number of undecided voters.

The poll gave Waldheim, the Conservative People's Party candidate, 37 per cent of the vote, against 30 per cent for the Socialist Party candi-

date, Kurt Steyrer.

A poll two weeks ago put Waldheim's support at 46 per cent, but his campaign has since been hit by reports from Washington that a Justice Department panel had recommended he be barred from the U.S. because of his wartime activities.

Waldheim, meanwhile, is continuing to fight. In an interview published yesterday by the monthly *Basta*, he said he would invite Israel Singer, the secretary-general of the World Jewish Congress, which has made the allegations against him, to a meeting to be held after next Sunday's ballot.

They would talk so that all the issues brought up in the past weeks could be "made clear," he said, adding that if he were elected president he would not hesitate to visit Israel or the U.S.

However, a new blow for Waldheim has come from the West Ger-

man weekly *Der Spiegel*, which reports in today's edition that Waldheim coordinated German army interrogation of captured British and U.S. soldiers in Greece in 1944, and knew some were later executed.

The weekly, reportedly quoting U.S. archives, said the soldiers had been captured during commando operations in the Greek Dodecanese Islands near the Turkish coast. Hitler had ordered commando members to be treated as Resistance members and not prisoners-of-war.

In another development, bitter arguments were sparked here by the backing for Waldheim expressed Saturday by West German Chancellor Helmut Kohl.

His comments were condemned by Socialist Interior Minister Karl Blecha who said: "It is amazing that the People's Party, which has complained for several weeks about foreign interference in the presidential

campaign, should now ask for foreign help."

An American Jewish leader currently visiting Israel, expressed "shock and surprise" yesterday at Kohl's defence of Waldheim, whom he called a "great patriot."

"Certainly Waldheim was a 'patriot' of Nazism," said Abraham Foxman, associate national director of the Anti-Defamation League, "but for that he hardly deserves praise today from the leader of West Germany."

Kohl may have done more electoral harm than good for Waldheim by supporting him in public, the spokesman of the German Social Democratic Party, Wolfgang Clement, told *The Jerusalem Post*.

Austrians are likely to resent Kohl's interference, Clement said, adding that Kohl's remarks were an attempt to mobilize right-wing voters in Germany itself.

Grand old man of Safad, Pinhas Damari, 110, dies

SAFAD (Itim). — The town's oldest resident, Pinhas Damari, said to have been 110 years old, died here yesterday.

Damari came here in 1938 from Djerba, where he had been a *kazan* in that Tunisian city's ancient synagogues.

Damari was fiercely independent and scorned all forms of motorized transport, walking wherever he wanted to go. He was healthy and active to the end.

He leaves two daughters, a son, nine grandchildren and six great-grandchildren.

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Visa-less visits to Sri Lanka possible

Sri Lanka News Agency
Special to the Jerusalem Post

COLOMBO. — Israelis may now visit Sri Lanka without visas, according to a newspaper report here yesterday.

The *Weekend Sun* said Israel now joins a select group of countries whose citizens do not need visas to enter the island, adding that this was a move to attract tourists. No immediate confirmation of the report

has yet come from any official agency.

Diplomatic observers believe the decision to make visas unnecessary for Israelis would be another step towards developing links with Israel. The current government of President Junius Jayewardene, despite opposition from India and from Arab countries, permitted the establishment of an Israel interest section office in Colombo in 1984.

A 1985 presidential decree announced the end of all trade barriers between the two countries. Sri Lankan exporters are looking to the Israeli market to sell tea, spices and gems.

Sri Lanka broke off diplomatic relations with Israel in 1970. It continues to accord the PLO diplomatic status.

Jayewardene brushed aside opposition to his decision in 1985, re-establishing ties with Israel because he said, Israel was the only country to respond to the island's call for international assistance in its fight against the Tamil separatists.

The Sri Lankan leader had said he was willing to shake hands "with the devil himself" if it meant eradication of terrorism in the

To our Haifa area readers

We apologize to the Jerusalem Post readers in the Haifa area who did not receive their copy of the Sunday paper.

Due to a technical breakdown we were unable to meet all our deliveries.

The Management

EIGHT PAGES
FROM SUNDAY'S

The New York Times

INSIDE TODAY

role in arms smuggling

responsible for \$800m. of the \$2.5b. deal. Baram, an IDF reserve brigadier-general, was said to have been involved in a major portion of the deal. Hevroni said that Baram had no connection with BIT, and that he had not heard of him before the alleged plot broke last week.

Hevroni told *The Post* that he dealt only in financial matters and had no connection with arms deals. Only when money was paid into the company did he have any hand in the operation, he said.

He said he was aware that the Eisenbergs were engaged in setting up some arms transaction, but he stressed he was 100 per cent sure that they were not engaged in anything illegal.

The Eisenbergs meant to obtain full authorization from both the U.S. and the Israeli governments before carrying out this deal. They are both Israeli patriots and would not do anything to harm the country. In any

case, no money passed hands, nor any arms," he said.

Hevroni thought he was named in the indictment solely because he was treasurer of the company. The BIT lawyer was also named in the U.S. indictment. His name was given as Humpos. Hevroni would give no details about the lawyer, but said he also was apparently named solely on the basis of his being a company official.

The U.S. television network NBC told me today that I was wanted in America only to answer a few questions. However, I have no intention of going there and they can't force me," he said. He had been in the U.S. on a business trip earlier this month, but had not handled anything in connection with arms, he said.

Hevroni, 54, is not a practicing rabbi. As a youth of 14 he took part in pre-state underground activities in the Lehi group. His father once headed the Council of Tora Sages.



Demonstrators at the Knesset yesterday celebrate a symbolic Seder as they call on lawmakers to press for the release of Prisoners of Zion in the Soviet Union. (Scoop 80)

if UK nationals advised to quit Libya

as much as 1,000 after the Easter holiday, when many Britons failed to return to Libya after their vacations, diplomats say. They expect no more than 1,000 of the remaining 4,000 to leave as a result of their government's advice.

Thatcher told the BBC yesterday that the West's refusal not to use

military force to counter terrorism would only encourage violence. "What you cannot do is leave a tyrant free to murder and maim... when and where he chooses," she said. "It would have been jolly easy to run away, jolly easy to demonstrate the weakness that was demonstrated in the 1930s."

'Spanish-based tankers used in Libya strike'

MADRID (Reuters). - The Spanish government had previous knowledge of the U.S. air strike against Libya on April 15, and tankers from the Zaragoza air base were used to refuel the F-111 bombers in flight, the leading Spanish daily *El Pais* said yesterday.

Quoting Defence and Foreign Ministry sources, *El Pais* said five KC-10s and one KC-135 tanker left

Zaragoza air base, one of four bases in Spain where some 12,000 U.S. military personnel are stationed, three days before the strike, en route to U.S. bases in Britain.

Spanish officials were unavailable for comment.

Defence Minister Narcis Serra told parliament on April 16 that no U.S. tankers stationed in Spain left their bases on the day of the attack.

Threats reported before threats announced

GENEVA (AP). - A spokesman for a Swiss clinic expressed surprise yesterday when a Libyan news agency reported anonymous bomb threats against the place even before the medical facility had said anything about them.

"I have no idea how they knew about the threats," Dr. Philippe Glasson, the spokesman, said in a telephone interview when asked whether he could confirm a *Jana* news agency report about the threats.

Three Libyans are under treatment at the clinic. They were reported to have been wounded during the U.S. air strike on Tripoli earlier this month.

Glasson said the management of the clinic at Genolier, near Geneva, contacted the police after the telephoned threats and took special security measures, but did not discuss anything in public.

She said economic sanctions, if imposed collectively, would discourage Libyan support of terrorism.

Meanwhile, West German Foreign Minister Hans-Dietrich Genscher left Bonn for Algeria, where he was due to meet President Cheddi Ben-jedid and discuss cooperation on fighting terrorism. West German officials, whose country opposed the U.S. raid, said they hoped Washington would be dissuaded from further military action if the European Community nations actively sought diplomatic methods to combat terrorism.

Fear of terrorism reportedly caused about 100 U.S. musicians to cancel plans to appear at a music festival in Evian, France.

Organizers of the annual festival of chamber music in Evian said that among those who cancelled were members of the University of Michigan Orchestra, who were to receive top billing in the 10-day event.

The French tourism industry has reported a 25 to 40 per cent cancellation rate by Americans since the beginning of the year. Several U.S. celebrities have dropped out of next month's film festival in Cannes.

In Ankara, two Libyans seized when Turkish police foiled a bid to blow up an American officers' club on April 18 were placed under formal arrest yesterday, the semi-official Turkish news agency reported.

Treasury pledges to pass on benefits of oil price, dollar falls

By SHELOMO MAOZ
Post Economic Editor

The benefits of the drop in the world price of oil, together with the fall in the value of the dollar and lower prices in the commodities markets, will be passed on to the public, the Treasury has pledged. But a tight budgetary over-run, some cuts will have to be made.

World developments will ensure that, despite the rise in the price of public transport and other sub-

Also yesterday, Finance Minister Moshe Nissim met with Premier Peres, economics professors Michael Bruno and Eytan Berglas, and Treasury officials.

Treasury officials were adamant at the meeting that there were no burning budgetary problems that could not be solved by a tight watch on government spending. But a tight watch was essential, they said, and the public should not see Nissim's appointment as a sign that former finance minister Yitzhak Moda'i's penny-pinching days were over.

The main problem, they warned Nissim, was a budget over-run of some \$200m.-\$250m. for defence, health, the local authorities, police salaries, the Beit Shemesh engines plant, the cotton farmers and Israeli Shipyard. This, they insisted, must be offset by cuts elsewhere.

Nissim has every intention of implementing all the taxes and levies (on schooling and some old-age pensions, for example) already discussed and of making budget cuts that will together total \$450m.

A further \$250m. has been injected to help such ailing concerns as Kupat Holim, Solel Boneh and others, which have been permitted to reschedule debts. But this presents no deficit or budgetary problem, the officials said, since the government has been able to raise more money from the public recently.

There is still no agreement about the payment of cost-of-living increments. Negotiations between the employers and the Histadrut were not renewed yesterday and disagreement between the two sides about the effect of price rises in February and March has not been resolved.

dized goods, the inflation rate will continue to decline, as Peres indicated in an interview with *The Jerusalem Post* last week, when he also indicated that prices would remain stable for the next several months and hinted that no devaluation was in sight yet.

Yesterday, Peres said that price controls would be lifted by October. The government's aim, he said, was to achieve an annual inflation rate of 6 per cent.

Work accidents and the wages of sin

NAZARETH (Itim). - A pimp's attempt to make a client pay for a prostitute's "work accident" landed the pimp a 22-month jail sentence here yesterday after he admitted his guilt to the district court.

Albert Azulai, 28, of Kiryat Shmona, arranged with a woman from the same town that she work as a prostitute for him. He then brought her a regular client whose fee he pocketed.

When the woman became pregnant, Azulai told the client that he would have to pay NIS 150 for her abortion. The man refused and demanded a paternity test. Azulai then asked for NIS 75. But the man again refused to pay for the "work accident."

Azulai then threatened that if the client did not pay, he would take a hammer and batter in his head. At this point the client agreed to pay, but only NIS 60. And he also went to the police with the story.

The court gave Azulai a 22-month jail term, and another 22 months suspended, for living off immoral earnings and for extortion.

New Zealand PM knocks French nuclear explosion

WELLINGTON (AFP). - New Zealand Prime Minister David Lange, in a swift reaction yesterday to a new French nuclear test, said it was "obvious France is determined to continue" its testing programme despite the strong opposition of all South Pacific governments.

France yesterday carried out its first nuclear test of 1986 on the South Pacific atoll of Mururoa, a New Zealand government seismologist said.

The seismologist, Warwick Smith, said the test could herald the beginning of a new series of underground explosions, in accordance with the pattern of recent years. France conducted eight under-

ground tests at the atoll site last year, including one in the presence of Defence Minister Paul Quilès and a group of journalists.

Quilès flew to the atoll to stress France's determination to pursue its tests despite opposition from countries in the region and the Greenpeace environmental organization.

French secret agents last July bombed the Greenpeace vessel Rainbow Warrior in Auckland Harbour as it was about to head a protest flotilla to Mururoa to protest against last year's series of tests.

Two secret agents, Captain Dominique Prieux and Major Alain Mafart, are serving 10-year prison terms for manslaughter.

MIDDLE EAST

Assad postpones visit to Jordan

Post Mideast Staff
Syrian President Hafez Assad has postponed his visit to Jordan but the postponement does not indicate a rift between the two countries.

Radio Monte Carlo reported yesterday, citing informed sources in Amman, the radio noted that Assad was scheduled to visit Jordan on April 25-26.

The radio noted that the newly appointed Jordanian ambassador to Syria, Ali Khreis, is to take up his post in Damascus soon. Khreis, former president of Jordan's civil service commission, will become Jordan's first ambassador to Syria since 1980 when the two countries split over allegations of Jordanian aid to Syrian dissidents and opposing views on the Iran-Iraq war.

after offshore reef raid

Prince Sultan bin Abdulaziz flew to the capitals of the two emirates yesterday and met with the rival rulers to try to mediate an end to the dispute. The emirates and Saudi Arabia are allies in the six-nation Gulf Cooperation Council. The Fasht ad-Dibal Reef is one of number of areas over which the two emirates dispute ownership.

GARDENTOMB

(Continued from Page One)

Foreign Minister Yitzhak Shamir led the shooting the work of terrorists and pledged that Israel would not tolerate terrorism until "we put an end to it."

Shamir told reporters that "it is the aim of the terrorists to frighten visitors and undermine tourism to Israel. Jerusalem Mayor Teddy Kollek said: "What happened in Jerusalem today is part of what is happening in Paris, Rome, London and other cities in the world. The world must understand that this is an all-out war in which terror is attacking democracy and the free world."

On April 16, a German woman rolling on the Via Dolorosa in Jerusalem's Old City was shot in the shoulder. Her attacker has not been

arrested. On March 7, an American visitor was grazed in a shooting attack in a narrow street of the Old City.

The Garden Tomb is recognized by many Protestant groups, particularly in Britain, as the site of Christ's burial.

UK tourist charged with causing road death

HAIFA (Itim). - A British tourist was charged here yesterday with causing a fatal road accident while driving under the influence of alcohol.

Anthony Donald Price, 36, was accused in the district court of manslaughter in the death on April 19 of an army officer.

The board of S.O.S. Children's Village — Israel and the staff and children of Neradim Village, Arad,

mourn the passing of

HERMANN GMEINER

initiator, founder and past president of S.O.S. Children's Villages International

is pleased to announce the death of his father-in-law, aunt and great-aunt

J HARRIS-NEWMAN

will be buried at 11:00 a.m. from the Municipal Funeral Home at Hamenuhot cemetery

by the family of Mrs. A. and Asher Ben-Porath, Tel Aviv
by the family of Mr. and Mrs. David Grossman, West Orange, N.J.
by the family of Mr. and Mrs. J. Harris, Far Rockaway, L.I.
by the Ben-Porath and Harris Families

We mourn the sudden passing of our dear

RITA LEVY

on April 25, 1986.

Husband, Sydney
Daughter and son-in-law, Brenda and Theo Kaplan
Grandchildren, Daniel, Judith and Rufe

The funeral took place on the same day.
Shiva commences on the termination of Pessah.

In deep sorrow we announce the death of

SONIA SCHWARZ

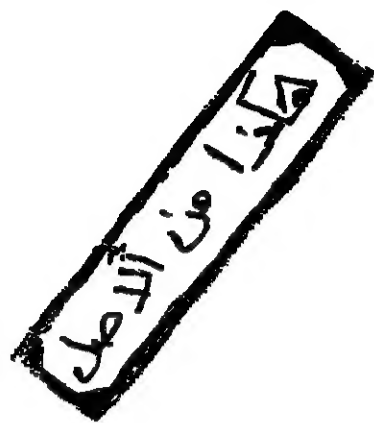
The Schwarz and Lustigman Families

We mourn the passing of our beloved

TESHURA PECK

The funeral took place Sunday, April 27, 1986, in Los Angeles

The Family



speaking on the phone when the robbers entered the bank.

The two men, armed with pistols, walked into the bank at about 8:30 yesterday morning. One of them ordered everyone present to lie on the floor, while the other went to the tellers' counter to collect the cash in the drawers.

"At first I didn't believe it was actually a robbery," said Tsipi Maoz, the bank's deputy manager, who was speaking to a client as the robbery began.

Then, one of the two robbers pointed a pistol at her and repeated: "This is a robbery! Everyone must lie down!"

Maoz got down on the floor, but not before shouting to the client on the phone, "We are being robbed! Call the police!"

The robbers escaped in a brown Daihatsu. Police arrived five minutes later.

Snake theft

Jerusalem

TFI

Woman killed in Beirut

BEIRUT (Reuters). - A Lebanese woman was killed and a French male teacher slightly wounded when gunmen manning a checkpoint in Moslem-held West Beirut opened machinegun fire at their car on Saturday night.

The woman was driving Robert Richard, 35, home when she saw the gunmen, the sources said. "She was afraid they might kidnap him so she backed off, then the gunmen became suspicious and opened fire."

The Netherlands Embassy, West Beirut, will close down for security reasons.

Amor

Amor

MILITARY JUSTICE CODE - II

'IDF holds that justice is too serious to be left to lawyers'

By ASHER WALLFISH
Post Knesset Correspondent

The campaign mounted by the IDF and the Defence Ministry to block military justice reform lasted close to eight years. It is a story worth telling - not only in itself, but also as an object lesson for other controversies involving this country's military establishment.

An unimpeachable legal source who knows the IDF inside out told *The Jerusalem Post*: "The senior command of the IDF has always resented suggestions, from any quarter, that it should be deprived of the final say in matters of military justice. The senior command to this day does not trust the IDF legal branch to take proper care of what it holds to be the army's best interests."

He added: "On the pattern of 'war being too serious to be left in the hands of the generals,' our own IDF generals hold that 'justice is too serious to be left in the hands of the lawyers.'"

The Shamgar Commission on military justice reform was appointed in 1977, as the carefully chosen language of its report explains, because of a shortage of trained and suitable judges in military courts, and because the quality, qualifications and experience of such judges were directly influenced by the authority wielded by such courts.

Meir Shamgar was a member of the Sup-

reme Court when he presented his report in May 1978 to the ministers of defence and of justice. Today he is president of the Supreme Court, and Knesset members who have talked to him lately feel sure he would demand that his recommendations be implemented completely, if he could break his judicial silence and make his views public.

Ezer Weizman was defence minister at the time. Before he got the Shamgar report, Weizman vowed to carry out its recommendations. After he read them, and consulted with the IDF senior command, Weizman changed his mind and procrastinated. For 18 months he claimed that the IDF and the Defence Ministry were studying the report (which is only 12 pages long). During that period these two bodies even failed to consult the Shamgar Commission on its recommendations, and let the report gather dust.

The army and the ministry took the report up, in part, because of the controversy over then chief of general staff Rafael Eitan's mitigation of sentence in crimes committed during and after the 1978 Litani Operation.

In November 1979 Weizman unexpectedly formed a committee of three top lawyers to review Shamgar's suggested reforms. This sparked public criticism on the grounds that a

prestigious body like the Shamgar Commission should not have its recommendations monitored by a body at an inferior level. After one week Weizman disbanded his panel. He did nothing further with the Shamgar recommendations.

An unimpeachable source told *The Post* that when former premier Menachem Begin first took over the Defence Ministry following Weizman's resignation, he promised to implement the Shamgar recommendations. But Begin changed his mind, too, after speaking to chief of general staff Eitan. Begin told the Knesset Foreign Affairs and Defence Committee: "Weizman rejected the reform recommendations and I shall not overturn Weizman's rejection."

While Moshe Arens served as chairman of the Foreign Affairs and Defence Committee, *The Post* was told, he persuaded Begin to form an internal IDF panel to study the Shamgar recommendations. After this panel completed its study, it took seven months for its recommendations to reach the Knesset.

But by that time Ariel Sharon was minister of defence, and he did not want to hear about military justice reform. So the Shamgar report again gathered dust.

When Sharon left the Defence Ministry in the aftermath of the Peace for Galilee opera-

tion, Arens came back from Washington to take over the portfolio. Many got the impression that, as defence minister, Arens was in less of a hurry to push military justice reform through than he had been as chairman of the Foreign Affairs and Defence Committee.

After Yitzhak Rabin became defence minister in 1984, things moved faster. *The Post* understands that one reason for Rabin's readiness to bring about partial reform was that he served as chief of general staff while Shamgar was judge advocate-general, and respected the man as well as his proposals.

Chief of General Staff Moshe Levy persisted in his struggle to block the Shamgar proposals to the bitter end, and he got some backing at the political level. When the cabinet voted on the draft of the amendment that was submitted to the Knesset (and will probably be passed next month), Levy got two former chiefs of general staff and a former deputy chief of general staff to side with him in his attempt to water down reform.

These were Police Minister Haim Bar-Lev, Industry Minister Ariel Sharon, and Minister without Portfolio Ezer Weizman. But Rabin and Arens were in the majority, which ensured the tabling of the bill containing part of the reforms suggested by the Shamgar Commission.

Eva Braun's diary fetches \$7,000 at auction

MUNICH (Reuters). - The 1944 diary of Eva Braun, Adolf Hitler's lover and his wife for a day, was sold at an auction here yesterday for \$7,000.

Auctioneers Hermann Historica said the diary, in which Braun recorded appointments and comments on her life, was bought on behalf of an unidentified foreign museum.

Braun met Hitler in 1930 and married him on April 29, 1945 - the eve of their suicide in a Berlin bunker during the final days of the Nazi Third Reich.

New head for AJC

Shimon Samuels, an international affairs specialist, has been named to succeed Dr. Bernard Resnikoff as director of the American Jewish Committee in Jerusalem. The appointment will take effect on September 1, the AJC spokesman announced.

Before joining the AJC, Samuels was European director of the Anti-Defamation League of B'nai B'rith, based in Paris.

Six Acre youths held over soccer rioting

ABU SINAN (Itim). - Six youths from this village near Acre were arrested yesterday on suspicion of rioting after a football match and injuring policemen.

The riot took place Saturday after a game between the local team and Hapoel Saknin, in which the local side lost.



Pelican makes an unexpected landing on a floating tourist at Isli Bay, Cyprus. (AFP telephoto)

Preminger, the man who put Israel on movie map

Otto Preminger, who died last week at 79, produced and directed over 50 films, as well as a number of Broadway shows, over a period of 50 years. In Israel, though, he will be remembered as the father of *Exodus*, the 1960 movie based on the novel by Leon Uris.

In stating Israel's case before the world, *Exodus* made a major impact. Furthermore, Preminger decided to make the film in Israel, though no other major movie had been made here before and hardly any modern movie equipment was then available locally.

Preminger was born in 1906 into a well-to-do Viennese Jewish family. He graduated in law from the University of Vienna, but had already made his debut as an actor at the age of 17. At 20 he gave up acting to produce and direct plays, and in 1931 Max Reinhardt enlisted him as producer-director at Vienna's 200-year-old Josephstadt Theatre.

In 1934 Preminger went to the U.S., at the invitation of 20th Century Fox. Among his early films were *Forever Amber*, *Laura*, *Carmen Jones*, *Porgy and Bess*, *The Man with the Golden Arm*, *The Anatomy of a Murder* and others which

established him as a cinema giant.

In May 1958, Preminger's younger brother Ingo showed him the proofs of *Exodus*. By that time the Metro-Goldwyn-Mayer scouts had already secured an option. Preminger fell in love with the novel and through the intervention of Billy Rose, acquired the film rights.

Though Uris wrote a screenplay, Preminger and Dalton Trumbo worked out a new script. Preminger then came to Israel and chose locations throughout the country, from the King David Hotel to the Acre prison.

Anan Safadi, who later became *The Jerusalem Post's* Arab Affairs editor, was Preminger's adviser on Arab affairs.

To recreate the huge crowd which had greeted David Ben-Gurion's proclamation of Israel's independence in Tel Aviv in 1948, Preminger joined forces with Mifal Hapais. A special lottery was held in Jerusalem's Russian Compound, bringing 20,000 residents of the capital. They acted as free extras as Weizmann Institute president Meyer Weisgal played the part of Ben-Gurion, speaking from the police headquarters balcony to the

throng below.

Exodus challenged anti-Semitism and racism, criticized British bureaucracy and portrayed Israel's dilemmas and struggle for survival. The film revived interest in the Holocaust, Jewish history and the problem of Jewish identity. Syrian incursions and cease-fire violations were then an everyday occurrence. Israel was frequently criticized at the UN and tourism was practically non-existent. *Exodus* generated tourism and sympathy for the country.

Preminger's interest in Israel did not end with *Exodus*. He believed the creation of Israel was one of the great miracles of the 20th century.

In 1974 he brought Peter O'Toole and a crew of 70 here to produce *Rosebud*, a thriller that touched on the problem of international terrorism by portraying five beautiful girls held for ransom on their luxury yacht.

Preminger critics frequently took him to task for sensationalism, the creation of stereotypes and the simplification of issues. But he remained throughout a successful movie maker who offered his public thrill and excitement. A.Z.

Congress gears up to block Saudi arms deal

WASHINGTON (Reuters). - The U.S. Congress is preparing a knock-out blow to a bid by President Reagan to sell 2,600 advanced missiles worth \$354 million to Saudi Arabia but the president could still win.

If lawmakers block the proposed arms sale, this will be the latest in a series of defeats for a Reagan administration policy of arms sales to moderate Arab states.

It could also herald a battle over the scheduled delivery to Riyadh this summer of the first of five A-7s radar planes.

The House and Senate are expected to vote this week on a bill, called a resolution of disapproval, to block the sale. A majority in both chambers support the measure and it is virtually guaranteed passage.

"This is absolutely unprecedented," said Senator Alan Cranston, sponsor of a Senate measure to kill the arms deal.

"It will be the first time that Congress has ever voted down a proposal for an arms sale and I think now is the time to draw that line."

But Reagan has promised an immediate veto if the bill lands on his desk and congressional aides said it is not certain that Congress will be

able to muster the two-thirds vote in each House needed to override the veto.

One aide said the Democrat-controlled House would probably be able to defeat the veto, but the Republican-led Senate would allow the president to have his way.

Although battles over Arab arms sales, fuelled largely by the powerful pro-Israeli lobby on Capitol Hill, have been regular in Congress for a decade, Congress has never exercised its legislative right to block a deal. Strong opposition and threats of action have been sufficient to force a retreat.

Last year, the administration yielded without a fight to Congressional opposition to a proposed sale of 60 F-15 jets to Saudi Arabia, and the Saudis purchased British Tornados instead.

The administration this year indefinitely postponed a \$1.9 billion sale of advanced planes and weaponry to Jordan.

But this time the administration appears ready to fight. State and Defence Department officials have been arguing Reagan's case in often hostile congressional hearings. "Security cooperation is definitely the underpinning of the U.S.-Saudi relationship and we cannot undermine our ties with our principal friend in the Gulf today and expect to rebuild them later," Assistant Secretary of State Richard Murphy told the Senate Foreign Relations Committee last week.

Reagan agrees to chair Ben-Gurion committee

WASHINGTON (JTA). - President Reagan has agreed to serve as the honorary chairman of the American committee organizing the centenary celebration of the birth of David Ben-Gurion, a committee spokesman announced here.

President Chaim Herzog had suggested to Reagan that he take the post.

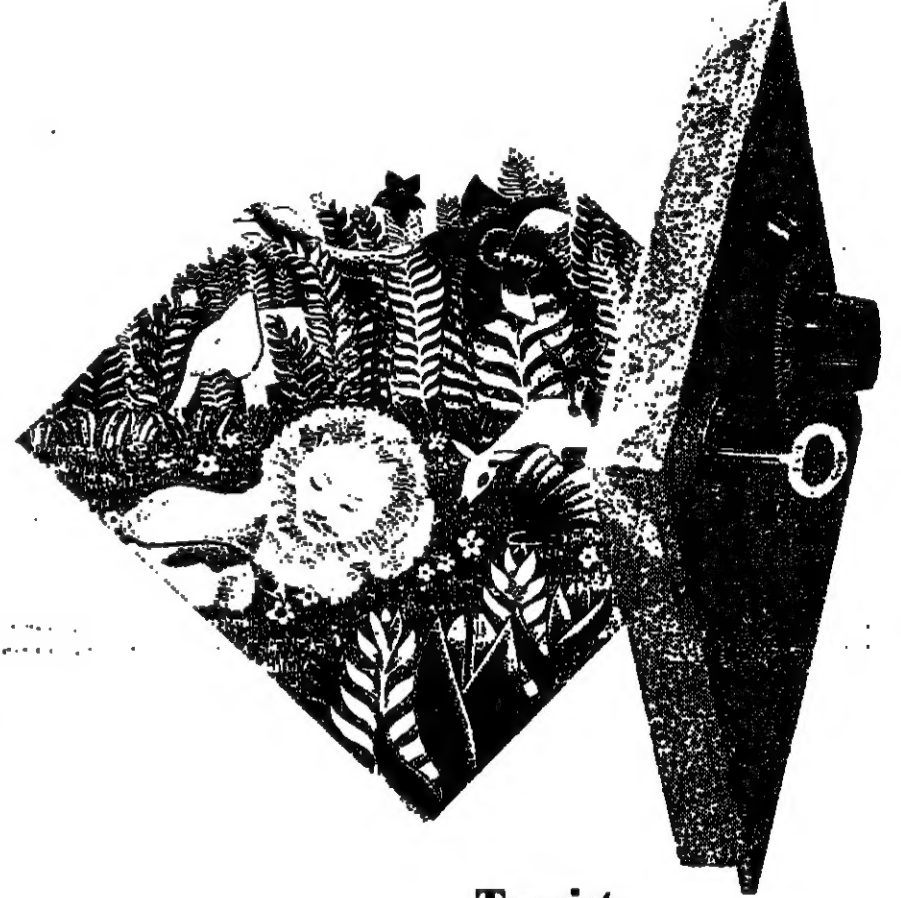
The celebrations, which begin in October, will include cultural and educational events and conclude with a gala in the Kennedy Centre here.

Flowers at the airport

Visitors entering Israel today via Ben-Gurion Airport or Haifa are to be greeted with flowers. The welcome, intended to encourage tourists who have not been intimidated by the recent upsurge in terrorism, is being organized by Skai Israel, part of the international Association of Tourism Professionals.

CORRECTION

*Israel TV will tomorrow night broadcast the Julian Chagrin programme *Photo* at 8:30, and on Friday May 2, Chagrin's *Photofinish* will be broadcast at 9 p.m., and not as previously published.



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WEEKLY REVIEW

On Guard

Europe Tries
To Find Its
Own Way to
Fight Back

By JAMES M. MARKHAM

It is a long way from Tripoli to Tokyo, but the American bombardment of Libya has succeeded in catapulting terrorism to the top of the agenda for the leaders of the seven largest industrial democracies when they meet in Japan beginning next Sunday. The air attacks — and President Reagan's assertion that he might repeat them or even extend them to Syria or Iran if those countries, too, were found to be fomenting terrorism — provoked contradictory impulses of anxiety and belated solidarity among United States allies. They also opened a difficult debate about the role of the North Atlantic Treaty Organization.

For Europeans, the air strikes, like Samuel Johnson's proverbial prospect of a hanging, had the virtue of wonderfully concentrating the mind. Though broadly disapproving of America's resort to force, the European Community's foreign ministers were galvanized into adopting one sanction Washington had demanded before the April 15 raids: sharp personnel cutbacks in Libya's People's Bureaus, or embassies, which have been known to serve as ammunition dumps and safe houses for assassins. Nine of 12 community nations quickly ordered the expulsion of Libyans. Britain expelled more than 200 studying aviation skills plus a few pilot trainees.

Bitter Talk

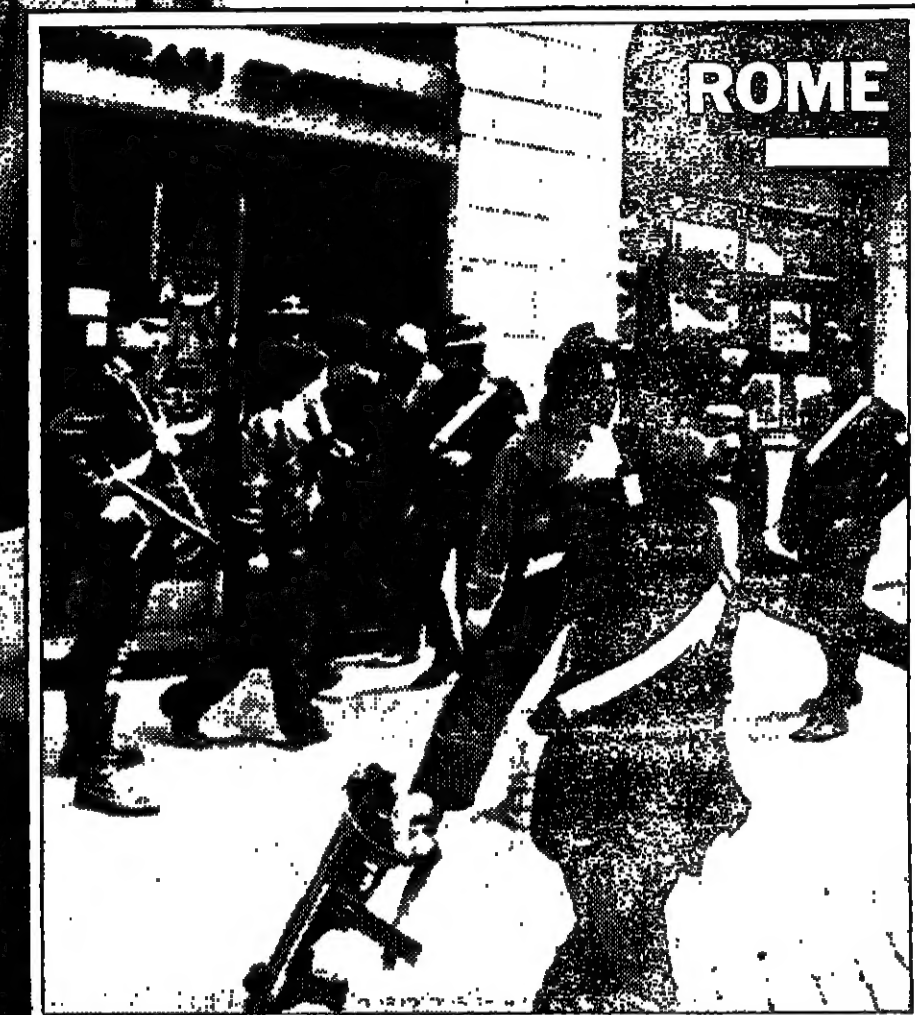
In the Hague, the Community's interior ministers and Attorney General Edwin Meese 3d agreed to intensify antiterrorist cooperation, and examined the possibility of inspecting the luggage of suspect diplomats. To an extent, it was an awkward instance of the Europeans' tardily showing resolve to appease Washington and check the bitter talk about "wimps" and "Eurocowards." "What is so awful for the Europeans is that they asked for a predominantly political reaction, and were unable to produce it themselves — and then protested against a military reaction," said Karl Kaiser, the head of West Germany's leading foreign policy institute.

Yet there were other considerations as the West Europeans pondered a political landscape suddenly dominated by the terrorist dilemma. One was voiced by President Reagan last week: The terrorists' "vicious, cowardly acts will, if we let them, erect a wall of fear around nations and neighborhoods" and "dampen the joy of travel, the flow of trade, the exchange of ideas." The spectacle of Americans canceling European trips en masse seemed to suggest that they were enthusiastic enough about a bold military strike, but uneasy to risk the consequences — terrorism that would most likely play out on European soil and, if the past is any guide, take many more European than American lives.

Weightier concerns turned on the issue of unity in the Atlantic Alliance. The Libyan raid was a godsend in West Germany, Britain and the Netherlands for leftists and pacifists who have not had a unifying cause since they failed to stop the deployment of American medium-range missiles in 1983. And from East Berlin, where he was attending a Communist Party congress, Mikhail S. Gorbachev launched another "peace initiative," a vague proposal for reducing conventional weapons that seemed designed to contrast his purportedly benign intentions with those of an American President who, the Soviet leader contended, had sunk to "the law of the jungle." In West



Police officer on guard at Heathrow Airport, London; American soldiers searching a car at entrance to U.S. air base near Frankfurt; Italian paramilitary police outside an American Express office in Rome.



J.B. Pictures/Network/John Storrock (London); Photoreporters/DPA (Frankfurt); Associated Press (Rome)

Germany, the slick weekly Stern, which beat an anti-American drum during the antimissile campaign, was back in that business, editorializing that "Ronald Reagan, not Mikhail Gorbachev, is the man to fear."

Before leaving for the Tokyo summit, where the agenda also included the stabilization of exchange rates and an adjustment to collapsing oil prices, Mr. Reagan made it clear that he would be pressing for collective antiterrorist measures. The last time the seven leaders agreed on such steps was in 1978, when they pledged at Bonn to cut off air traffic with countries that gave sanctuary to hijackers or hijacked planes; the sanction has not been invoked.

Except perhaps for his Japanese hosts, whose trade interests and reliance on Middle Eastern crude oil have made them very quiet during the last month, Mr. Reagan will find the allies ready to deal with the terrorist question. Troubled by the killing of French hostages in Lebanon and savage bombings in Paris, President François Mitterrand has dropped his previous objections to considering terrorism at the summit. And Prime Minister Bettino Craxi of Italy has also been moving to a tougher stand, even threatening Libya with military retaliation if it repeats actions such as its ineffectual missile attack on

the Mediterranean island of Lampedusa.

But if the American President evokes during the conference Washington's sanctions against Libya, he may well be asked when American oil companies are going to halt their lucrative business there. West European imports of Libyan oil, sometimes cited as a symptom of European dependency, are often delivered by American companies or their overseas subsidiaries. And when she meets Mr. Reagan, Prime Minister Margaret Thatcher will probably want to test how far America's antiterrorist campaign extends to extraditing Irish Republican Army terrorists and cutting off Irish-American money for the I.R.A. The reported murder in Lebanon of a third British hostage last week suggested that terrorist groups would be intensifying efforts to sow further doubts in Britain about Mrs. Thatcher's backing for the Reagan policy. (Backlash in Britain, page 2.)

NATO Boundaries

Secretary of State George P. Shultz ultimately toned down Mr. Reagan's implicit threats to Syria and Iran. But the logic of the American President's affirmation that state-supported terrorism was "a form of warfare" seemed to call for a military response not just by the

United States but by NATO as a whole. Yet there is little enthusiasm in NATO, founded in 1949 to deter aggression by the Soviet Union in Europe, for what are called "out-of-area" operations. And friction during past attempts by the United States to conduct joint operations with France in Lebanon and Chad have made the American military wary about trying again.

The community of democratic values NATO represents was strained, but far from shattered, by the attack on Libya. But if the Reagan Administration intended to go forward with military means in the battle against terrorism, it looked as though it would be carrying the burden alone. If Col. Muammar el-Qaddafi was chastened, or toppled and replaced by a more pliable successor, Europeans would applaud. But other voices cautioned last week that the gains of punishing the erratic colonel might be offset by promoting and exalting little bands of desperate men to the status of No. 1 enemies of the most powerful nation in the world, which offers thousands of potential targets for terrorists. Last week, in apparent retaliation for the American raids, gunmen killed the British manager of an American-owned company in Lyons, France, and wounded an American Embassy communications officer in Sana, North Yemen.

Major News

In Summary

Pretoria Makes
A Big Concession
On Apartheid

There is perhaps no single more important instrument of apartheid, and certainly none more common, than the green passports South Africa's blacks — and only its blacks — have had to carry at all times. Last year alone, there were 132,000 arrests for pass-law violations; most of those convicted served a few weeks in jail. So the Government's decision last week to abolish the dreaded documents, along with virtually all laws prohibiting blacks from moving freely within the country and migrating into black sections of cities, was viewed by many anti-apartheid activists as its most significant concession yet.

Not that the end of racial separatism was in sight. Although blacks will henceforth carry the same identity booklets as whites, Indians and mixed-race people, race is to be noted on the document. Except for domestic workers, blacks will still be forbidden to live in white areas. Rules on squatting will remain in place despite a shortage of housing for blacks, although the Government promised that it would make more land available for housing construction.

The legislative proposals, contained in a white paper, do not change the strictly segregated schools and hospitals or give the country's 24 million blacks a voice in a Government dominated by 5 million whites. Nor do they apply to the more than 8 million blacks deemed

to be citizens of nominally independent homelands. Negotiations are reported under way with the homelands to provide dual citizenship for their residents.

As it announced the reforms, moreover, the Government said sweeping emergency powers would be granted to the Minister of Law and Order to deal with what President P. W. Botha called an increasing incidence of blacks committing violence against blacks.

The announcements brought from Bishop Desmond Tutu, the Nobel Peace Prize winner, a warning to "be aware of the small print."

Changing South Africa

1983

Nov. 2: White referendum approves limited political role for mixed-blood and Indian groups; blacks still excluded.

1985

Feb. 1: Government says it will no longer forcibly relocate blacks living near white cities.

March 29: Opposition group meetings banned for three months in Johannesburg and Eastern Cape.

May 25: Government announces repeal of ban on multiracial political parties.

June 13: Ban on interracial sex and marriage revoked.

July 21: Emergency police powers imposed in Johannesburg, Eastern Cape.

July 31: Outdoor funerals banned in Johannesburg and Eastern Cape.

Aug. 28: Congress of South African Students banned.

Sept. 11: Discussions begin on restoring South African citizenship to eight million blacks in so-called homelands.

Nov. 2: Reporting on unrest restricted.

1986

March 7: State of emergency lifted; the last of 8,000 detainees released. Police may still detain people without filing charges.

April 23: Government announces it will abolish "pass" laws restricting movement of blacks; residential areas remain segregated.

Two Requests for
A Deaver Inquiry

During a news conference earlier in the month, President Reagan asserted that Michael K. Deaver, the White House aide turned lobbyist, "has never put the arm on me, or sought anything or any influence from me since he has been out of Government." Questions about Mr. Deaver's activities on behalf of foreign governments and domestic corporations continued, however, and last week the Government's ethics office and five Democratic senators asked the Justice Department to consider naming a special prosecutor to investigate Mr. Deaver.

David H. Martin, director of the Office of Government Ethics, would not make public his letter to Attorney General Edwin Meese 3d, but he said it outlined "certain facts which he should look at to determine whether an independent counsel should be appointed." Earlier in the week, the senators, members of the Judiciary Committee, sent a similar petition to Mr. Meese. The committee chairman, Strom Thurmond, Republican of South Carolina, undertaking his own inquiry into lobbying by former Government luminaries, has scheduled hearings Tuesday.

In the House, Representative John D. Dingell, Democrat of Michigan, said he also planned hearings on Mr. Deaver's business dealings. And the General Accounting Office has launched an investigation at Mr. Dingell's request.

Mr. Deaver, a close friend of the President and until May of last year the deputy White House chief of staff, has consistently denied any wrongdoing.

NASA Nominee Gets a Once-Over

WASHINGTON
SENATORS were clearly concerned last week by reports that the National Aeronautics and Space Administration had wasted more than \$3.5 billion while cutting or delaying safety expenditures for the space shuttle.

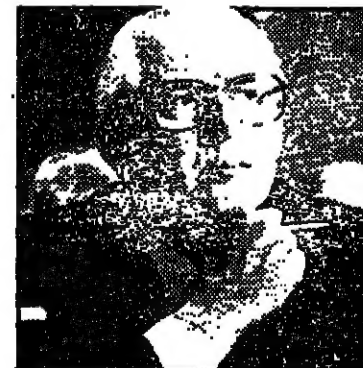
But the senators did not seem disturbed enough to block President Reagan's nomination of James C. Fletcher, who presided over the space agency from 1971 to 1977, when much of the waste occurred, to return to his old job as its Administrator.

Indeed, many said NASA needed experienced leadership so badly that Dr. Fletcher's nomination should be confirmed despite the revelations, which were based on a New York Times review of more than 500 audits by the agency's own Inspector General and other Federal offices.

"NASA is facing the worst crisis in its 28-year history," said Senator John Glenn, the Ohio Democrat who is a former astronaut.

The Acting Administrator, Dr. William R. Graham, has been in charge since December, when James M. Beggs, the agency's head, took a leave to fight fraud charges unconnected to NASA. Mr. Beggs has since resigned.

Although staff members of the Senate Committee on Commerce, Science and Transporta-



The New York Times/Marilyn K. Yee
James C. Fletcher

tion predicted that the panel would recommend Dr. Fletcher's confirmation, the senators asked him sharp questions Wednesday about waste and mismanagement.

The next day, The Times described auditors' charges that NASA had cut or delayed testing and design work on the shuttle, its main engines and the booster rocket, which is believed to have caused the explosion of the Challenger Jan. 28.

NASA, saying the articles gave "a misleading impression," argued that the audits had been effectively used to uncover and correct deficiencies and that its record on costs "compares favorably with both industry and other Federal laboratories."

The World

Saudi Arms Sale Is Voted Down In 2 Committees

Washington's longstanding and complicated relationship with Saudi Arabia came under new strain in

Congress last week. Senate and House committees voted to stop President Reagan from selling \$354 million worth of advanced weapons to the Saudis.

The Senate Foreign Relations Committee voted 11 to 6 against the sale. The House Foreign Affairs Committee took the same stand by voice vote, with only two of its 40

members speaking for the sale.

An endorsement of that opposition by the full House and Senate before May 8, which appears likely, would invalidate the sale to Saudi Arabia of Sidewinder air-to-air missiles, Stinger antiaircraft systems and Harpoon air-to-ship missiles. However, Mr. Reagan plans to keep the sale alive by vetoing the blocking measure. Sixty-four senators have sponsored a resolution opposing the Saudi sale, and opposition is strong in the House. But opponents may still be unable to muster the two-thirds majorities required to override a veto.

Congress voted itself the right to reject weapons sales 10 years ago, but has not used it. Previous attempts to block arms sales to Arab countries — and notably Awacs command and surveillance planes to Saudi Arabia — failed.

The Reagan Administration wants to show solidarity with the wealthy

oil-producing kingdom, which feels threatened by Iran. The White House would also like to demonstrate — in the face of widespread Arab criticism of the raid on Libya — that Washington still has important Arab friends. Opponents of the sale contend that the Saudis have bankrolled Syria and the Palestine Liberation Organization, both of which have been linked to terrorist activities. They also criticize the kingdom for not supporting the Egypt-Israel peace treaty.

Reagan Invites Aquino to Visit

President Reagan telephoned Corason C. Aquino last week, two months after she replaced his friend, Ferdinand E. Marcos, as President of the Philippines. In a brief call, their first conversation, Mr. Reagan

invited Mrs. Aquino to Washington after the elections in November. She said she would like to come.

Mr. Reagan also told her about \$100 million in additional United States economic aid and \$50 million in extra military aid he is requesting from Congress. The White House said it also wants to accelerate \$200 million already in the pipeline to Manila and convert \$100 million in loans into outright grants.

Salvador H. Laurel, the Philippine Vice President, said the Aquino Government had learned that Mr. Reagan planned to telephone Mr. Marcos during a stopover in Honolulu and had let Washington know that it would feel offended if he did not talk to Mrs. Aquino first. The Manila Government has harbored doubts about Mr. Reagan's sympathies, Mr. Laurel said.

The President is expected to see Mr. Laurel at a meeting of the Association of Southeast Asian Nations

in Bali, Indonesia, Tuesday. Mr. Reagan is on his way to Tokyo for the annual economic summit conference next week.

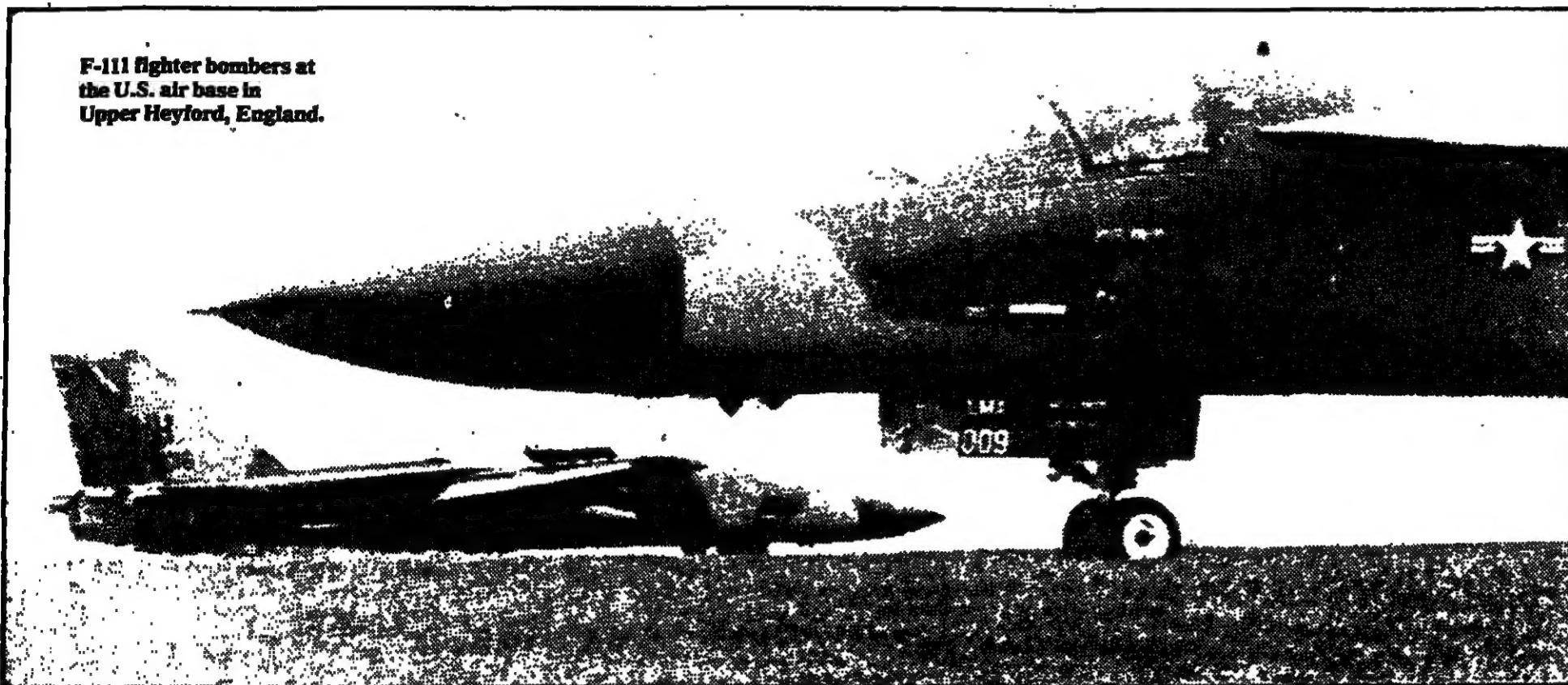
Secretary of State George P. Shultz plans to visit Manila after the Tokyo meetings, and Mr. Laurel said he hoped Mr. Reagan could also come by, if only for an hour or two to meet Mrs. Aquino.

Richard Levine,
James F. Clarity
and Milt Freudenheim

A Correction

A photograph of Adolf Eichmann in the World section on April 13 carried an incorrect credit from Magnum Photos Inc. It should have been credited to Gjon Mill of Life magazine.

Thatcher Isn't Likely to Say Yes Again



F-111 fighter bombers at the U.S. air base in Upper Heyford, England.

Britain's Ties to U.S. Are Beginning to Chafe

By JOSEPH LELYVELD

LONDON

"WE'VE seen the consequences of saying yes to the use of the bases," a member of Margaret Thatcher's Cabinet remarked as he surveyed the political fallout from the Prime Minister's hugely unpopular decision to go along with President Reagan on the Libyan bombing raid. "We haven't seen the consequences of saying no."

The Cabinet member was putting his finger on what appeared to be the central calculation in the costly decision that the President had forced on his friend in Downing Street. When the request for the use of the bases was first laid before Mrs. Thatcher six days before the American F-111's took off, the Prime Minister had many reasons to react cautiously. She was squarely on record as

opposing military reprisals, in principle and practice, as a method of combating terrorism. It would lead to "much greater chaos," she had said, with specific reference to Libya. She knew that Britain had hostages in Lebanon who might be doomed by a decision to support the President. And she could hardly have been unaware of the political risks to herself, for she had just come through a series of controversies that had kept issues of Anglo-American relations in the foreground of British politics, making the previous four months the most difficult period politically of her nearly seven years in office.

These disparate and essentially unrelated controversies — involving corporate takeovers by American multinationals and following Mrs. Thatcher's lonely decision to enlist Britain in the research program for the Strategic Defense Initiative — had made fashionable a perception that the Prime Minister was no longer capable of recognizing a conflict between British and American na-

tional interests. A strong-willed nationalist, she had been battered repeatedly by the caricature charge that she was Mr. Reagan's "poodle." Now she faced being portrayed, in the words of one political columnist, as "Rambo's daughter."

"This was not something she needed," an American official acknowledged. "I don't think anyone had to point that out to her." But the consequences of saying no to the first request since the Nazi surrender in 1945 to use the bases to deliver real bombs to real targets could be made to seem equally stark. Inevitably, it would have resulted in a severe rupture between the United States and its European allies. Conceivably, once it was shown that the United States lacked the flexibility to deploy its own pilots and planes in what it deemed to be its own interests, support in the Pentagon as well as Congress for the heavy commitment of forces in Europe could rapidly erode. And since the request turned on the argument that

the F-111's — available only in Britain — were essential to limit civilian casualties in the target cities, there was the danger that a refusal might result in London's becoming a scapegoat for heavy casualties in the event other planes were used.

A Downing Street source said Mrs. Thatcher never seriously considered saying no. But the first British reaction was a series of skeptical questions diplomatically relayed to Washington. The Americans were kept guessing overnight, but their answers left Mrs. Thatcher in no doubt that they had made up their minds to go ahead. If the strains being placed on the alliance, and on Mrs. Thatcher in particular, were factored into Washington's calculations, it was not apparent. But the strains soon were unmistakable, not only in early polls that showed public disapproval of her decision by a 2-to-1 margin, but in the way the raid almost instantly brought forth a whole series of questions about American bases in Britain: whose interests they served, who controlled them and whether a British Prime Minister could really veto an American request for their use under secret agreements that have become steadily more complex since they were negotiated by President Harry S. Truman and Prime Minister Clement Attlee in 1951.

About 50 percent of the tactical aircraft committed by the United States to the North Atlantic Treaty Organization are based in Britain, along with their stockpiles of nuclear bombs. In addition, the United States is midway in a deployment of mobile cruise missiles, the arrival of which two years ago inspired protests by British nuclear disarmers and unilateralists.

The Labor Party, which promises to send back the cruise missiles but keep Britain in NATO if it regains power, failed badly when it argued in the 1983 election campaign that London had inadequate control over American weapons that could embroil Britain in a nuclear exchange. The Libyan raid involved conventional weapons, but from the standpoint of the opposition party it was tailor-made as an object lesson: Provoked by terrorist attacks on American targets and in response to domestic American pressures, a military raid is launched from British bases, followed swiftly by the murder of British hostages, the attempted bombing of an El Al plane taking off from Heathrow Airport and an explosion in Oxford Street.

In other words, through "subservience" to President Reagan, through turning Britain into "the 51st state" — charges that became clichés here in less than a week — Mrs. Thatcher had made Britain a more dangerous place. It remained to be seen whether arguments over the bases would still be central when the next election is called in 1987 or 1988. But Mrs. Thatcher's Government has sent informal diplomatic signals to Washington indicating that another request for the use of the bases would be most unwelcome. The effect of the Libyan raid may thus turn out to be that the limitation on the bases' use is more clear now than it has been at any time in 35 years.

A Justice Department Official Proposes a Ban

Austrians Examine Their Past Along With Waldheim's

By JAMES M. MARKHAM

VIENNA

IT used to be said half-jokingly that the Austrians had convinced the world that Hitler was a German and Beethoven, who was born in Bonn and lived here, was an Austrian. Unlike West Germans, who painfully wrestled with questions of historical guilt, the Austrians took refuge in the notion that in 1938 their little country became "the first victim" of Hitler's aggression.

It was at best a half-truth that camouflaged the disproportionately large role played in the Third Reich by Austrians. Adolf Hitler, an Austrian who became a confirmed anti-Semite during his vagrant days in Vienna, was only the most famous of thousands of his compatriots who enthusiastically served the Nazis. It was in Vienna that Adolf Eichmann, an Austrian, began the deportation of Jews — a genocidal undertaking the Nazis soon spread throughout Europe. The list of Austrians who worked in death camps and served in elite Nazi fighting units in World War II is a long one. Afterward 543,000 Austrians (from a population of seven million) registered as Nazis with the victorious Allies.

The half-buried national past has suddenly come under scrutiny through the discovery that Kurt Waldheim, the former United Nations Secretary General, had concealed his Balkan service with the German Wehrmacht. Mr. Waldheim's grudging acknowledgement of his role as a German staff officer — and the angry, xenophobic reaction of many of his compatriots — have illuminated a reluctance among Austrians to accept their historical responsibilities. Mr. Waldheim's candidacy in the May 4 presidential election has reopened wounds that many people mistakenly thought had healed. Last week, Mr. Waldheim received something like absolution from President Rudolf Kirchschläger, who declared in a televised address that there was nothing in his record to suggest that the former diplomat had committed war crimes. But in Washington, a senior Justice Department official proposed that Mr. Waldheim be banned from entering the United States — a step that would have to be approved by Attorney General Edwin Meese 3d.

The Waldheim affair is largely a dialogue between Austrians and outsiders, his accusers in the World Jewish Congress as echoed in the West European and American press. Aware that few votes can be won by questioning Mr. Waldheim's war record, Kurt Steyrer, the Socialist candidate, has focused on his opponent's contradictory assertions and concessions when confronted with documents. "For me the issue is not what he was in the war but what he has said," Mr. Steyrer said in an interview. The accusations seemed "a little insubstantial," he said, adding, "What he can be accused of is he has never



Kurt Waldheim campaigning for Austrian presidency in Vienna this month.

Sydney/Jacques Langlois

made a clear statement about his past."

Many Austrians share an interest in forgetting. Because of its "first victim" status, enshrined in the Allies' Moscow Declaration of 1943, Austria was spared reparations and paid little to Jews and other Nazi victims. "Denazification" was perfunctory and truncated by the advent of cold war. By 1949, the People's Party and Socialists were wooing former Nazis, who founded their own organization, which became the Freedom Party, now a junior partner in the Socialist-led Government.

In 1970, it was learned that Bruno Kreisky, the Socialist Prime Minister, had four former Nazis in his Cabinet. Simon Wiesenthal, the Nazi hunter, disclosed in 1975 that Friedrich Peter, the Freedom Party leader, had

been a lieutenant in the First SS Infantry Brigade during murderous operations in the Ukraine. And last year, Defense Minister Friedrich Frischenschlager, also a Freedom Party member, stirred a new scandal by going to Graz to greet Walter Reder, an Austrian-born former SS major released from a life sentence he had received in Italy for his part in the mass killing of civilians in 1944.

Far from damaging him, the disclosures about Mr. Waldheim have generated nationalistic sympathy and brought out a feisty streak in an aloof and listless candidate. An ugly undertone of anti-Semitism has crept into the campaign, and Mr. Waldheim himself brushed off his troubles as the work of "some interest groups in New York."

On the campaign trail, Mr. Waldheim has appealed to many of his generation by contending that he had simply done his "duty" by serving in the German army; he mixes such reassuring statements with evocations of the "homeland." He does not say how an Austrian patriot was serving his homeland in the Wehrmacht. His defense of the deportation of Jews from Salonika — or did not see — for example, atrocities against Yugoslav partisans. "Do not get the feeling," he insisted in an interview, "that I do not really feel with these people who were victims of that terrible tragedy. But I also have to say clearly that I had nothing whatsoever to do with all this."

A Q & A on Nuclear Politics

Proposals, Like Weapons,
Are Also Proliferating

By BERNARD GWERTZMAN

ALTHOUGH the United States and the Soviet Union have apparently made little progress in arms control negotiations, there has been no shortage of ideas and theories for and against different proposals offered by the two sides. What follows is a discussion of some of the arguments.

Question. It was disclosed last week that President Reagan has tentatively decided to continue the policy of "not undercutting" the strategic arms limitation treaty signed with the Soviet Union in 1978, but never ratified. Didn't Mr. Reagan say that this treaty was so bad he would never seek Senate approval of it?

Answer. Yes, in his 1980 campaign, and he still argues that the treaty did not achieve sufficient cuts in the size of either country's arsenal and allowed the Russians to achieve superiority in large, land-based multiple-warhead missiles.

Q. Then what is the significance of "not undercutting" the treaty?

A. The Carter Administration did not seek Senate approval of the treaty, but said it would not "undercut" it if the Soviet Union did not.

The Reagan Administration, despite strong objections from the Pentagon and conservative members of Congress, has maintained that stance because it is concerned about American and allied reaction to discarding the policy and about the possibility that if it announced it was no longer bound by the treaty the Russians would begin to deploy additional missiles.

The "no-undercut" policy means the United States continues to limit its multiple-warhead missiles to fewer than 1,200, as the treaty specifies. The Russians have done so, too. To keep its arsenal under that total, the United States must destroy older missiles every time a new, 24-launcher Trident submarine begins sea trials.

Q. But haven't the Russians undercut the treaty by cheating?

A. There is evidence that they have, but there are arms control experts who say the evidence is not compelling. The main Soviet arms control violation apparently is in the building of a new large radar station in Siberia.

Q. The Soviet leader, Mikhail S. Gorbachev, has repeatedly called on the United States to agree to a freeze on further underground nuclear tests, but Washington has declined. Now Mr. Gorbachev says Moscow

is free to resume its own testing. Didn't the United States once support a ban on such tests?

A. Yes. President John F. Kennedy said an agreement banning all nuclear tests "would check the spiraling arms race in one of its most dangerous areas," and in 1963 Washington, London and Moscow signed a partial test ban treaty, halting all nuclear tests in the atmosphere, under water and in outer space.

Q. Why is there still no comprehensive test ban agreement?

A. There are many reasons. Initially, there was an inability to persuade the Russians to agree to sufficient on-site inspections.

Q. Is verification now the prime issue?

A. Not to the degree that it was in the past. The Soviet Union has said that it would be willing to accept the necessary on-site inspections.

Q. Then, what is the major problem?

A. The Reagan Administration argues that since nuclear weapons will remain a key to American security in the foreseeable future, there will have to be

testing of nuclear devices to perfect new weapons and to insure the reliability of older ones.

Q. But wouldn't a total test ban slow down the arms race and discourage nations that do not have atomic weapons from testing their ability to build such devices?

A. That has been the common wisdom through the years. But military experts differ, and last week the Administration challenged the common wisdom, arguing that if there was a total U.S.-U.S.S.R. test ban, questions would be raised about the reliability of American weapons, and this would persuade countries that have some nuclear weapons to build more. And without full "credibility" in the American nuclear arsenal, this might also lead other nations to "go nuclear."

Q. What is the latest Soviet disarmament proposal?

A. In January, Mr. Gorbachev proposed complete nuclear disarmament by the year 2000, through three stages.

First, the United States and the Soviet Union would reduce their strategic launchers — any planes or missiles that could hit the other's territory — by 50 percent to reach a balance of 6,000 warheads on each side. But this would be possible, he added, only if there was an agreement renouncing the development, testing and deployment of space-strike weapons, such as those envisioned in Mr. Reagan's so-called "Star Wars" program.

Q. What was Mr. Reagan's response?

A. The President has always said that his goal, too, is the elimination of nuclear weapons, adding that his "Star Wars" program could make nuclear weapons irrelevant by holding out the possibility that new technology could develop non-nuclear systems that could pick off incoming missiles. The Gorbachev plan was largely dismissed here as a public opinion ploy.

Q. Why does the Soviet Union argue so strenuously against the development of "Star Wars" defensive systems?

A. The Russians hold that what Mr. Reagan calls a strategic defense could be turned into a "shield" for launching an American surprise attack.

As a result, the Russians say that "Star Wars" would force them to develop new offensive weapons to offset the American defensive system. They contend that the 1972 antiballistic missile treaty rules out a comprehensive defense against offensive nuclear weapons, thereby acknowledging that each side's ability to hit the other was the best way to insure stability.

Both the U.S. and the U.S.S.R. Are in Arrears

The United Nations Attempts
To Square Its Own Accounts

By ELAINE SCIOLENO

WHEN the General Assembly reconvenes tomorrow, delegates from the 159 member countries will not debate a crisis of global politics, but one closer to home, what Secretary General Javier Pérez de Cuéllar describes as the "most serious financial crisis" in United Nations history.

The United Nations, unlike most governments, does not operate with a deficit. So it is now in a cash squeeze largely because last year the United States Congress, in an anti-U.N. mood, cut about \$70 million of the \$210 million the United States had been assessed under a formula based on the members' gross national products. The cut was the result of the Gramm-Rudman deficit-reduction legislation and another law that stipulates that the United States reduce its payments until the United Nations adopts a system of weighted voting on budget mat-

ters, which would give more power to countries that pay larger assessments.

The United States pays more than any other country, 25 percent of the budget, because it has the largest gross national product. The United States is not the only withholding of funds. The Soviet Union and 17 other countries refuse to pay for programs they dislike, and many others simply pay late. The American cuts amount to 8 percent of the United Nations regular two-year budget, now \$1.66 billion, which covers operating costs such as salaries, building maintenance and publications. But while the organization feels pinched for funds, many United Nations officials and diplomatic analysts think that the American decision is forcing the organization to streamline a bureaucracy that has become bloated and clumsy.

The fund reduction is one of a series of American moves reflecting hostility toward the United Nations and some of its members. Among the other steps were the United States' withdrawal from UNESCO in 1984 and its recent order that the Soviet missions in New York reduce their United Nations staffs by one-third.

The Reagan Administration has refused to urge that Congress restore the deleted funds, and it has not heeded the foreign ministers of the 12 European Community states, who have said that Washington is violating international treaty obligations. Also ignored is the calculation by Mr. Pérez de Cuéllar that the United Nations regular budget costs each American citizen only 86 cents a year. And when the Secretary General went to Washington last month to discuss the matter with President Reagan, diplomats noted, he came away without even an invitation to lunch.

The Secretary General has cut spending \$30 million this year, and his gloomy report suggests ways to cut another \$30 million. He acknowledges that even \$60 million in cuts will provide only a short-term solution. Moreover, though some of the reductions may be accepted by the Assembly, others — the suspension of the construction of conference centers in Addis Ababa and Bangkok, for example, and the shortening of next fall's General Assembly session by three weeks — may face opposition. The large donor countries consider projects like the conference centers a form of global pork barreling, a way to spread wealth.

The fiscal problem has forced even the staunchest backers of the United Nations to admit that the organization needs significant change. Large donors complain that many smaller ones — 78 countries pay only 0.01 percent of the budget each — tend to be less frugal. Last fall, the member states that provide 80 percent of the budget voted against its approval or abstained. Both the United States and the Soviet Union, who are assessed a combined 37 percent of the budget, opposed it.

The United Nations has been criticized over the years for creating hundreds of subsidiary bodies, including the Legal Committee's Subcommittee on Good Neighborliness, for which there is no set budget, and six overlapping organizations dealing with southern Africa.

Other often-mentioned examples of waste are conferences in lavish surroundings on topics that have been discussed endlessly in Assembly debates and other forums and the proliferation of resolutions on the same topics every year in the General Assembly.

Critics call for a total restructuring of the United Nations administration, which has a worldwide staff of 11,600. Proposed reforms include raising the \$1.25-a-day fee for parking space under the Secretariat building and pensioning off some of the brass-heavy staffs, such as that of the Department of Public Information.

"This is just the beginning," predicted the United Nations controller, Richard Foran, a Canadian. "But at this stage of the game, a good housecleaning is healthy."

Verbatim
Abdication
Reconsidered

Black Star/Dan McCoy
The Duke and Duchess of Windsor in 1927.

ALMOST half a century ago, King Edward VIII of England gave up his throne for "the woman I love" — an American divorcee named Wallis Warfield Simpson, who later became the Duchess of Windsor. When she died last week in France, at the age of 89, the reaction in London proved that the argument over the abdication she inspired has hardly diminished. Following are excerpts from editorial comments in two British newspapers.

The orthodox view was that the Duke had betrayed his trust and threatened the very existence of the monarchy by giving up his throne for the sake of a third-rate American adventuress. This orthodoxy is pure nonsense. The idea that Edward's love for Wallis, and the resulting abdication, cheapened or undermined the institution is fantasy. The monarchy has, on the contrary, been strengthened by the spectacle of a reigning monarch sacrificing his position for love's sake. Wallis tried to persuade him to give her up and keep the throne, but he could not be persuaded. Once he realized that he had to choose between the throne and her, his choice was unhesitating. It was no ordinary woman who could inspire such a gesture.

The Times of London

For a time after the abdication in 1936 there were some here, and many more in America, who held to the belief that this was a love story tragically thrown off course by prelates and premiers. It was nothing of the kind. The crisis was caused, not by an obdurate Establishment, but by the character of the King. It was compounded by the nature of the Duchess of Windsor, more intelligent than the King, yet drawn, step by step and knowingly, in the wrong direction. The abdication came about, bluntly, through defects of character in the King, much loved, experienced in duty, but too self-centered to perceive, what monarchs are called on to see above the heads of others.

The Daily Telegraph

Unpaid bills

Assessments and contributions to the United Nations regular budget for selected countries (in millions of U.S. dollars)

	Assessment as percent of U.N. budget	Contributions due Jan. 1, 1986	Contributions outstanding on March 31, 1986		Total
			Prior years	Current year	
Brazil	1.40%	\$9.806	\$15.978	\$9.806	\$25.784
Britain	4.86	34.041	25.531	25.531	25.531
Cambodia	0.01	0.70	0.777	0.70	0.247
Canada	3.06	21.433	0	0	0
China	0.79	5.655	1.350	5.335	7.392
France	6.37	44.918	1.350	43.568	4.357
Iran	0.63	4.413	3.500	0	7.913
Israel	0.62	4.411	0	0	4.411
Italy	0.79	5.655	0	0	5.655
Japan	0.84	5.927	0	5.927	5.927
Libya	0.26	1.821	2.430	0	4.251
Mexico	0.89	6.234	0.012	0	6.246
Netherlands	1.74	12.187	0	0	12.187
Poland	0.84	4.433	4.990	0	9.423
Saudi Arabia	0.9	6.794	0	0	6.794
Spain	0.82	5.821	0	0	5.821
South Africa	0.82	5.821	24.484	0	27.566
Soviet Union*	11.82	82.793	18.949	62.791	124.741
Sweden	1.25	8.725	0	0	8.725
United States	25.00	210.277	0	210.277	210.277
West Germany	8.26	57.856	0	28.375	28.375
Total, all member countries	100.00	735.663	176.359	558.019	742.878

*Includes the Soviet Union, Byelorussian Soviet Socialist Republic and Ukrainian Soviet Socialist Republic

Source: United Nations

The Nation

The Best of Times Are Not Likely To Last Forever

"We're getting the best of the best news right now," said Robert G. Dederick, chief economist at Chicago's Northern Trust Company. "But we have to recognize where it's coming from, and that this won't keep coming."

Mr. Dederick was referring to the first back-to-back consumer-price declines in more than 20 years, but other specialists were similarly reserved in discussing last week's second economic highlight, the half-point drop — to 8 1/2 percent, its lowest level since 1978 — in the prime rate of banks across the nation.

The decline of four-tenths of 1 percent in the Consumer Price Index for March was a direct result of the collapse in oil prices, Mr. Dederick explained, and they must eventually stop falling. Indeed a number of experts said oil prices may have already done so, even as the price of services, an increasingly big share of the economy, was picking up.

Economists were divided on the question, but few thought any further decline in interest rates would be sharp. That analysis was bolstered in remarks by Paul A. Volcker, the Federal Reserve chairman, who believes that if interest rates and the value of the dollar fall too far too fast, foreign capital needed to cover high Federal budget deficits could flee. The dollar fell at midweek to its lowest level against the Japanese yen since World War II; most dealers believed that despite a rally at week's end its long-term weakness would continue.

Projecting the Deficit

The Administration, meanwhile, pressed its view of economic forces and the deficit when James C. Miller 3d, Director of the Office of Management and Budget, met with the Senate Budget Committee chairman, Pete V. Domenici, Republican of New Mexico, and other Republican budget planners.

If stronger economic growth and lower, more accurate projections of Federal spending for agriculture and military programs were taken into account, Mr. Miller said, the Pentagon could get all the money President Reagan sought and the 1987 budget would still come in under the \$144 billion deficit ceiling set by the new budget-balancing law. If adjustments had to be made, Mr. Miller continued, they could come later, in a few domestic program cuts.

Mr. Domenici characterized Mr. Miller's scenario as "rosy." Mr. Miller insisted that he was correcting rather than "cooking" the books. Some analysts mentioned that while lower interest rates and oil prices could reduce Federal spending, they may also reduce revenues.

The House Votes Both Ways on Pay

It might not have mattered that House Speaker Thomas P. O'Neill Jr. did not have to face the voters again when he complained at midweek that members of Congress "haven't the guts or the courage to stand up and say we need a pay raise." But most of his colleagues do not want to join the Speaker in retirement, so the House moved with unusual speed last week to overturn a vote, taken the day before, to raise the limit on members' outside earnings.

In an apparent rush to head off resentment among voters who might think \$75,100 a year is more than enough to make ends meet, the House decided without debate to restore to \$22,530, or 30 percent of a

member's annual salary, the cap on outside speaking and writing fees. The earlier vote — taken without advance notice and with the chamber nearly empty — would have brought the House limit up to the Senate's — \$30,040, or 40 percent of a member's wages.

Besides the potential for embarrassing members who face re-election, there were complaints that raising the limit would give special interests undue influence. "Why don't we each just pick our own corporation and get them to pay us," asked Representative David R. Obey, Democrat of Wisconsin, "and we won't have to bother the taxpayer for a dime." He also noted that, in the past, most speaking and writing fees have been paid to the House leadership and to the chairmen of legislative committees. "It only benefits the high rollers," Mr. Obey said of the proposed increase. "It gives the rest of the members a black eye."

However, Mr. O'Neill was not alone in suggesting that Representatives should be allowed to earn a few extra dollars. "There's no question \$75,000 is a lot of money," said Butler Derrick, Democrat of South Carolina. "But there are also a lot of expenses connected with this job." Most members, he said, maintain houses in their home states as well as in Washington and pay travel expenses for their families.

A Vote to Curb Military Pensions

For years, Representative Les Aspin got nowhere with his complaints that the military pension system was flawed because it encouraged expensively trained servicemen to retire after only 20 years and parlay their Government experience into high-paying jobs in private industry. But the prospects for pension-system overhaul brightened considerably last year when Mr. Aspin, the Wisconsin Democrat, became chairman of the House Armed Services Committee. And sure enough, the House last week approved a bill that would reduce military pensions for future enlistees who retire after 20 years.

Mr. Aspin said the changes, which were approved by a 399 to 7 vote, would "encourage people to stay in the full 30 years, and keep the people who are the most experienced and the most valuable." The bill would affect only those who signed up for the military after the measure became law; it would not reduce the pensions of the 1.4 million servicemen already retired or the future pensions of the 2.1 million people still in the armed services.

Supporters of the changes have predicted that by the year 2000 the pension system, which now costs about \$18 billion a year, would cost as much as \$45 billion annually. The Senate, meanwhile, is considering its own pension changes; if it eventually approves a bill, the differences between that version and the one from the House would have to be resolved by a conference committee.

Two More Steps For Biotechnology

The biotechnology business got two boosts last week as Government scientists weighing risks and benefits decided that a living virus with one gene removed was safe to use as a vaccine for pigs and that a bacteria with one gene added was safe to test as a pesticide for corn.

The vaccine attracted special attention three weeks ago, when the Department of Agriculture suspended the license for it — the first ever issued for the sale of a living gene-altered organism. Administrators said they had not adequately documented the bureaucratic and scientific steps leading to the approval of the vaccine, which is made by the Omaha-based Biogenics Corporation. It was designed to prevent pseudorabies, a herpes infection in pigs that costs Middle Western farmers as much as \$60 million a year.

The suspension of the vaccine's license was lifted last week after regulatory scientists produced a 25-page assessment of it. Deleting a single enzyme-producing gene from the virus on which the vaccine is built, they said, means it cannot multiply and spread from pigs to other livestock, possibly affecting people.

As for the pesticide, which is made by Monsanto Company, Federal approval for testing is not final. But a panel of leading scientists recommended that the Environmental Protection Agency permit it, and the E.P.A. has rarely opposed such suggestions. The living pesticide is made by inserting a gene into the genetic codes of bacteria that thrive in the roots of corn plants, enabling the organisms to produce a substance toxic to such pests as rootworms, cutworms and other soil-dwelling caterpillars, which cause hundreds of millions of dollars in damage each year.



The New York Times/Jane R. Lopez
Speaker Thomas P. O'Neill Jr.

Michael Wright
and Caroline Rand Herron

Trip to Tokyo May Provide a Boost Back Home



President Reagan (at right) meeting with staff members at a briefing in the Oval Office last week in preparation for summit meeting in Tokyo.

Reagan Tries to Break The Logjam in Congress

By GERALD M. BOYD

SQUEEZED into President Reagan's schedule last week as he prepared for the annual economic meeting of leading industrial democracies was a session highlighting both the environment he leaves and the one to which he will no doubt be returning.

Added to a day of high-level briefings on the Tokyo meeting was a session with Republican Congressional leaders. It provided the President yet another opportunity to press party leaders on his top legislative priorities. It yielded no assurance they will be any more responsive.

Indirectly, Mr. Reagan's top aides acknowledge the contrast between the strong posture he takes to Tokyo and the stall of his legislative agenda. "It has to have a salutary impact," said a Reagan adviser recently of the 13-day, 22,000-mile trip. "Just in terms of the general climate, it reinforces the fact that this is a President that has a great deal of influence and who has to be dealt with." Thus, he added, "support for the President's policies has to be a direct influence."

Senior aides concede that the Administration's request for \$100 million in aid for the Nicaraguan insurgents still faces an uphill battle at best. As for the budget, the Senate last week displayed its willingness to remain on a collision course with the Administration, rejecting nearly 6 to 1 the President's proposal to eliminate 43 domestic

programs.

Privately, advisers acknowledge that at the beginning of the second term, the White House suffered from a lack of planning. An official challenging the view that the Administration is off-track said recently, "The circumstances do not allow that kind of approach," adding: "You can't have a one-track program." But he also said, "If you are not handling that which you know is coming, you damn well are not going to handle those things you don't know are coming."

The 'Multitrack System'

In recent months, the White House has been concentrating on things it knew were coming. Starting with a well-publicized planning session last summer, Donald T. Regan, the chief of staff, set in motion a pattern that officials said paved the way for a productive fall. The President succeeded in turning away what would have been viewed as a significant foreign policy defeat, serious Congressional sanctions against South Africa for its policy of apartheid. On the trade front, he defeated protectionist measures. He also met with Mikhail S. Gorbachev, the Soviet leader, an event that had been unforeseen last summer.

In similar strategy sessions for this year, top aides to Mr. Regan laid out what one official recently described as a "multitrack system" that was to allow the President to "leapfrog" priorities. One aspect of the plan was to have the President emphasize a limited number of major goals

in February's State of the Union Address.

Under the game plan, Mr. Reagan was to submit his budget to Congress for quick and favorable action on cuts in domestic spending, secure \$100 million for the Contras by the end of April, when the current assistance program expires, attend the international economic meeting in Tokyo, win Senate passage of his plan to simplify the Federal income tax code and by summer conduct a second summit with Mr. Gorbachev. The only item on that agenda that is on schedule is the trip to Tokyo.

The uncertainty on contra aid and the near collapse in the Senate of the President's plan to overhaul the income tax system are especially striking because of Mr. Reagan's strong involvement in the lobbying efforts for them. But an official with a key role in the Congressional selling job on Nicaragua said the important fact is not the President's failure to win approval but rather his coming close to building a consensus for the proposal. "You have to look at how far we've come," the official said.

Mr. Regan is similarly optimistic on a broader scale. The President, he said last week, heads for Tokyo in better legislative shape than last year. Gone is the fallout from the visit to a West German cemetery in Bitburg where some Nazi elite troops are buried. "Because of Bitburg, he was having domestic problems," Mr. Regan said. "He was also at the start of his second term, and it wasn't known whether he was going to be a lame duck or not. It's quite clear that he is far from a lame duck."

This year, Mr. Regan said, the Administration has largely avoided the unexpected, no matter what the debate over the state of the legislative agenda. "We have not been hit with surprises," he said, adding that the only major unknown has been terrorism, which led to the confrontation with Libya.

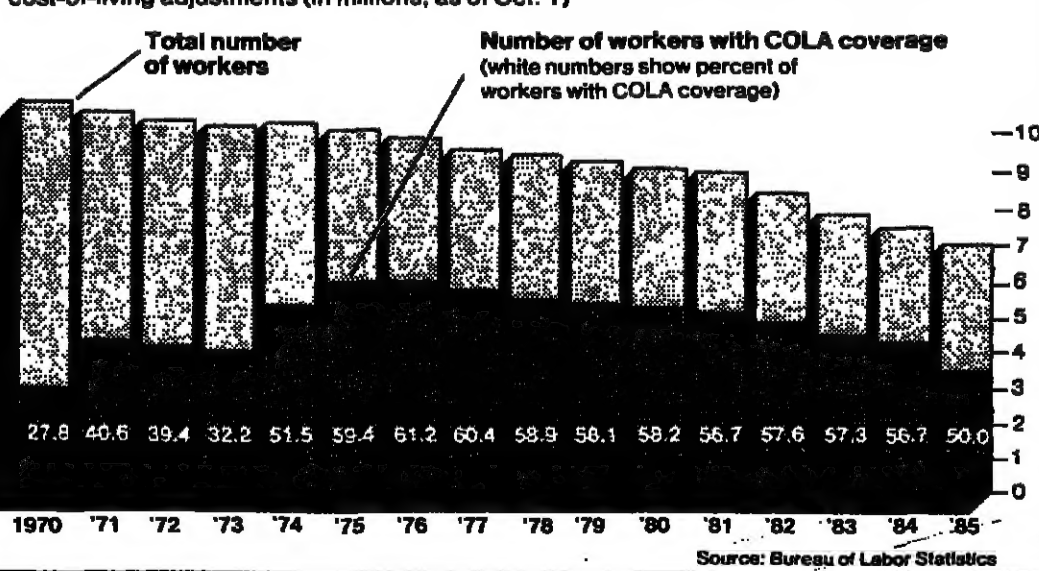
"I think we've demonstrated," Mr. Regan said, "that we've handled that reasonably well."

Cost-of-Living Clauses Lose Their Luster

Workers Aren't Betting on Inflation

Rise and fall of the COLA

Workers covered by union contracts that affect 1,000 workers or more and include cost-of-living adjustments (in millions, as of Oct. 1)



By KENNETH B. NOBLE

NEARLY 15 years ago, amid considerable fanfare, the Communications Workers of America signed its first contract with A.T. & T. that included a clause automatically increasing wages as the Consumer Price Index rose. Labor viewed the cost-of-living adjustment, or COLA, as one of its principal achievements, a big step toward insulating paychecks from the ravages of inflation.

Today, confronted with sweeping changes in the communications industry and a dwindling membership, the union is facing a May 31 deadline in its negotiations with A.T. & T. When 3,000 of its members and their families met here last week at their annual convention, the talk in the aisles and meeting rooms concentrated on job security. Barely a word was said about preserving the once-sacrosanct COLA. "It's just not going to be a significant issue this time around," said George Kohl, research economist for the Communications Workers.

Mr. Kohl's statement illustrates a quiet sea

change in labor relations. According to the Bureau of Labor Statistics, the proportion of workers under major contracts with cost-of-living clauses fell to 49 percent by the end of 1985, down from 57 percent in 1984.

A Rapid Decline

Cost-of-living adjustments, the bureau said, were dropped in settlements covering 471,000 workers, or about 40 percent of those reached last year. They disappeared from contracts negotiated between trucking companies and the teamsters' union, and from agreements between manufacturers of cotton garments and the clothing workers' union. The bureau provided fresh evidence of the trend last week, reporting that of the 79 major contracts negotiated in the first three months of 1986, only 12 contained COLA's.

Perhaps the prime factor in the disappearance of the COLA is that inflation has declined faster than seemed possible just a few years ago. Retail prices increased 3.8 percent in 1985 for all urban consumers, the smallest rise since 1972. Last week, they were reported to have fallen at an annual rate of 1.9 percent for the first three months of 1986. Five years ago, the underlying inflation

rate was 9 to 10 percent, with the Consumer Price Index charging along at an even faster clip.

Cost-of-living adjustments are also disappearing because labor's bargaining muscle has diminished as its ranks have thinned. A recent study by the Bureau of National Affairs, a private research and publishing concern in Washington, found that, in 1985, 19 percent of all settlements outside the construction industry provided for one-shot bonus payments, or so-called lump-sum payments. The 1984 figure was 6 percent.

The lump-sum approach appeals to employers because it is not as expensive as general wage increases or COLA's. One-time payments generally do not raise basic pay, and so do not affect other contract provisions such as holiday pay and overtime, which are usually tied to base pay. And employers have always disliked the idea of guaranteeing wage levels in advance without knowing future business conditions. "COLA's were bad news in the late 1970's and early 80's, and employers are now taking a tough stand on them because of that experience," said Mark de Bernardo, head of the labor law division of the United States Chamber of Commerce.

In the 1920's, when cost-of-living clauses began appearing, most union leaders also opposed them. They called instead for a "living wage," by which they meant pay increases greater than the rate of inflation. In 1948, when an inflation increment was negotiated between General Motors and the United Auto Workers, it was hailed by both sides. But inflation was averaging only about 2 percent a year, and the adjustments gave employers a relatively painless way of offering workers nominal annual pay increases.

As late as 1970, only about a quarter of workers under major agreements had cost-of-living adjustments. But when the rate of inflation soared, so did the popularity of COLA's, which appeared in 61.2 percent of all contracts in 1977.

For now, labor officials insist they are unconcerned about the apparent demise of the COLA. "I don't see it as of any great importance," said John Zahusky, an economist with the American Federation of Labor-Congress of Industrial Organizations. "What we lose in COLA clauses, we will make up in negotiated improvements in a variety of other areas, such as profit-sharing."

Mr. Bernardo of the Chamber of Commerce says labor's strategy is a "short-term" one. "Management is looking to the future," he said. "They want an insurance policy to prevent the explosive wage increases that would occur again if you have a recurrence of double-digit inflation."

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Rare Moment for Global Economy

With inflation down, summit leaders can try to link policies without hurting domestic goals.

By PETER T. KILBORN

WASHINGTON In a single week, the Japanese fretted that the yen had climbed too high, Federal Reserve Board chairman Paul A. Volcker thought aloud about the dollar collapsing, and Treasury Secretary James A. Baker 3d berated West Germany for not cutting taxes and interest rates more. Meanwhile last week, the Senate Finance Committee nearly blocked President Reagan's attempt to widen trade with Canada, and the acrimony over protectionism in agriculture reached the point where the Common Market's ambassador to Washington called American charges "hogwash."

"The trade atmosphere is very difficult," said Lawrence B. Krause, international economist at the Brookings Institution. "Indeed, one could call it foul."

Countries fear this kind of posturing and turmoil almost as much as the worldwide recession it can lead to. But now they have what Mr. Baker calls a "golden opportunity" to calm things down.

Next Sunday through Tuesday, President Reagan joins leaders of Japan, West Germany, Britain, France, Canada and Italy at an economic summit conference in Tokyo. They are expected to try to get moving on something they have been toying with for several years: speeding up the arduous process of imposing a new formal order on the world economy.

Nations last tried to craft a new formal order, with some success, 42 years ago in Bretton Woods, N.H. But the gold-based, fixed-exchange-rate system they created collapsed in 1973, under the weight of inflation. Since then, currencies have been floating with near abandon in the marketplace, to the periodic distress of the nations involved.

The summit countries have begun calling the successor they envision to the Bretton Woods system "international economic policy coordination." The object of the coordination, of course, is low inflation worldwide, stable interest rates and undisturbed growth. The term is rich with hope, purpose and, perhaps, wishful thinking. It assumes that democratically elected governments will turn a blind eye to political pressures to cut taxes or interest rates, for example, if doing so would hurt other nations' economies. But to a limited extent, such coordination has already shown it can work: It succeeded with the five-nation agreement in September that led to the dollar's fall and with this year's concerted reductions in world interest rates.

Officials here warn against expecting much of a three-day meeting. Unlike legislatures, summit conferences rarely make hard, climate-changing decisions. Non-economic issues—this year, terrorism and Libya—intrude upon the economic agenda, and what progress emerges only in the nuances of words and phraseology.

Sometimes a new economic problem crashes the otherwise studiously orchestrated conferences, and its mere appearance begins the process of solving it. Protectionism in agriculture, Administration officials say, will be such an issue in Tokyo. But on all issues the real solutions come later, in months and sometimes in years, after the leaders' finance and trade ministers have refined the agreements at home and set about making them work.

"There is momentum at summits," said a senior Administration official who insisted on remaining anonymous. "But it's the momentum of a tortoise. Tortoises are relentless. They keep moving forward. It's not as exciting as watching a hare."

All the nations, however, are expressing the same broad sentiments as their leaders approach Tokyo and the puzzle of making international economic policies work.

"We must further promote these trends to put the world economy on an upward slope," Japanese Prime Minister Yasuhiro Nakasone said during his visit with President Reagan two weeks ago. "If we were able to get summit countries to focus on a mechanism for improving international economic cooperation, I think that would be a substantial move in the right direction," said another Reagan official, who asked to remain anonymous, last week. "I think there will be better surveillance—better international cooperation and coordination," said Count Otto Lambsdorff, a member of the German parliament and former economics minister, during a recent visit here.

Most important, President Reagan might use "policy coordination" in proposing an entirely new way to stabilize the dollar and other currencies—an enormously ambitious endeavor that was last explored, without success, in the early 1970's. He has an opportunity now to make his mark as an innovator in the world economy just as he has already done at home, and his tipsters have been hinting for months that in Tokyo, he will seize it.

"We don't have such a proposal as I stand here today talking to you," one official told reporters last week. "But

I wouldn't want to rule out the possibility of advancing something if we thought we could make some progress." He was not saying what he might advance, but that is the way the Administration and Secretary Baker, the President's chief economic policy maker, often begin preparing the press for big news.

But there is more behind the mystery here than the penchant for surprise that characterizes the policy initiatives of Mr. Baker, who is now trying to dominate the world economy, and Deputy Treasury Secretary Richard G. Darman. They may not know how far such important collaborators as the German and Japanese finance ministers are willing to go in sharing their policy making prerogatives with other countries. Mr. Baker, therefore, could be twisting arms in Tokyo to try to build a consensus.

President Reagan began laying the ground for monetary reform in his State of the Union message in February. He ordered Mr. Baker to explore the possibility of a Bretton Woods-like

Moreover, the world economy has rarely looked so conducive to the kind of domestic economic concessions that chiefs of state must make in writing their agreements. All their economies are growing, if most of them slowly. The dollar has dropped 30 percent from its peak last year, assuring that Japan's yawning trade surpluses and America's trade deficits will finally shrink. With interest rates down, industrial investment everywhere—even in Europe—is likely to rise. And that portends a decline in the region's average unemployment rate, which is now around 11 percent.

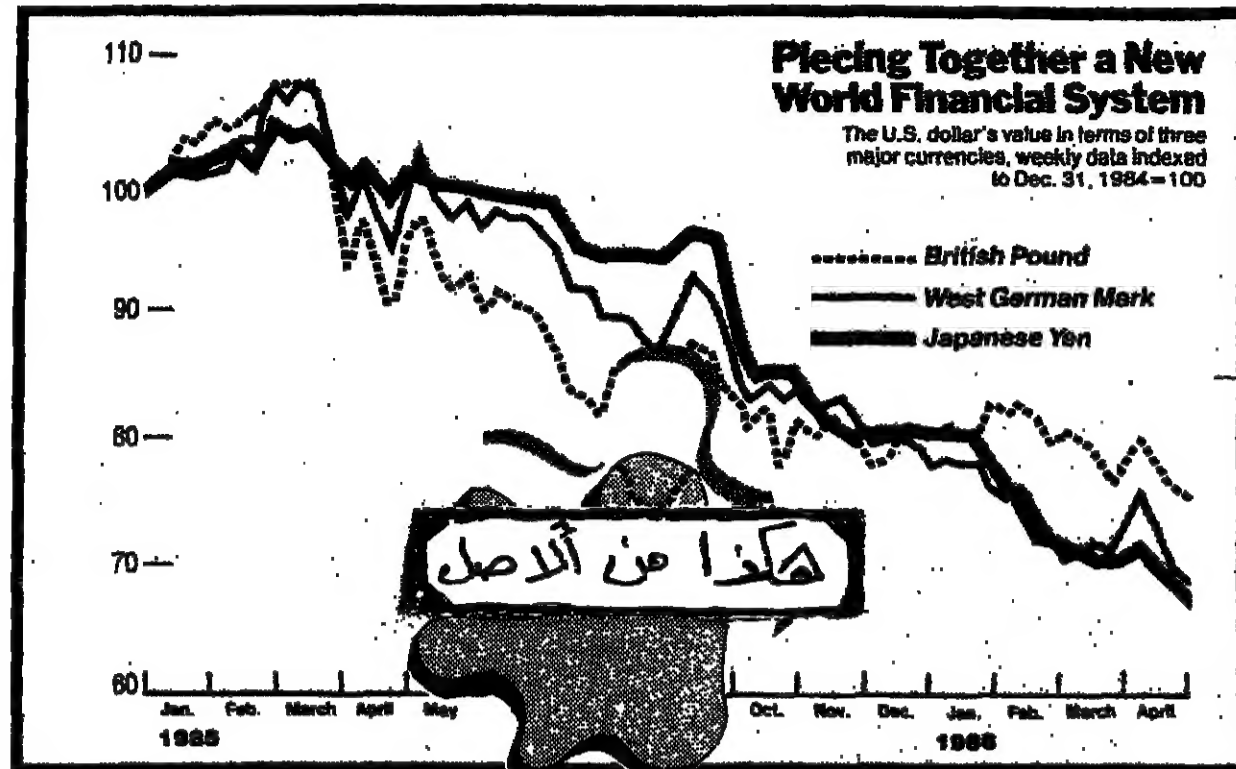
Inflation, which undermined world economic stability in the 1970's and early 1980's, is moribund, at least for now. Economists expect zero inflation in Germany and Japan this year. In the United States it could end the year no higher than 2 percent. Oil has been a big help, but the industrial world economy was moving in those directions well before the plunge in oil prices. Economists see most everything getting better right through 1987

Japan's commitment to exports. They have done so with trade deficits and deterioration of industries competing against the Japanese.

Now, Mr. Nakasone is promising change. He has told President Reagan that he endorses a report that proposes to promote Japan's growth through domestic development, rather than exports. If he follows through, the Administration says, it would mark the most important shift in Japan's economy since World War II. But last week, some senior members of the Japanese Government distanced themselves from the report, leading to confusion over Mr. Nakasone's intentions.

Another big "rigidity" is in Europe, and that one has shown few signs of softening. High unemployment there, in America's view, is the product of hidebound policies and industrial conditions that discourage entrepreneurship and industrial expansion.

"The essential problem in Europe," says W. Allen Wallis, Under



conference. But officials say America's proposal at the summit meeting, if any, would not be a call for such a conference—that, they say, would not come before December. Nor is it expected to be an appeal for a new exchange rate system, at least as an end in itself. More likely, Administration officials suggest, a proposal might involve a new way to manage exchange rates, but only within the context of managing other gauges of economic performance—interest rates, trade balances and inflation.

Working together, in a new and institutionalized way, has become imperative, even for an American President who long defined cooperation to mean doing it his way, and letting the market take care of the rest. America's economy, for years the engine of the world economy, has been crawling for a year and a half, and to set it in motion again, President Reagan needs help. The plunge

—the longest recession-free stretch since the 1960's.

Given all these factors, world leaders may now be willing to take the risks necessary to build a new world economic order. They believe that by doing so now, when times are conducive to making new arrangements and concessions to one another that might be unpopular at home, they can produce a stronger economic structure that will make the bad times of the business cycle less bad.

"This could be the most comfortable economic year for industrial countries that anyone has seen for a long time," said Anthony M. Solomon, former president of the Federal Reserve Bank of New York. Ann Krueger, the World Bank's chief economist, says big problems hover over the world economy, "but there's breathing room to deal with them."

Even some problems—which summit specialists call "structural rigid-

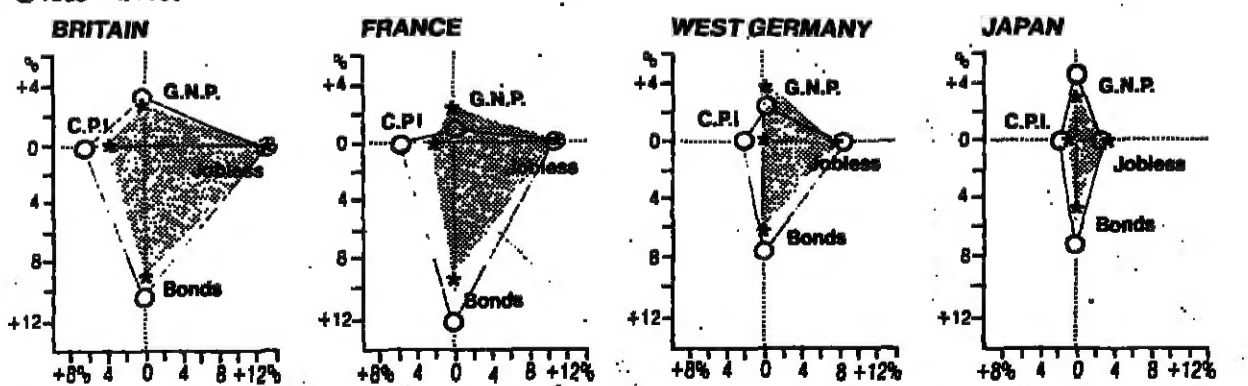
Secretary of State for Economic Affairs, "is deeply rooted resistance to change." As long as those problems persist, he says, Europe exerts a drag on the world economy.

Against this backdrop, President Reagan set off Friday for Tokyo. His associates have reason to believe that on this trip, he could finally make his mark—not as the object of ridicule that he was in Europe when deficits were mounting, but as the architect of a prosperous world economy.

To some economists, however, the solution of negotiated coordination of sovereign nations' economic policies reeks of idle hope in its implication that elected leaders will relinquish to foreigners some authority to discipline their economies. Yet since September, policy coordination has proved it can work, in the drive on the dollar and the interest rate cuts. And only Japan's growth has atrophied

Summit Countries: The Difference a Year Makes

G.N.P. 1985 actual and 1986 estimated change in real gross national product; percent
Jobless 1985 actual and 1986 estimated average annual unemployment rate; percent
Bonds Current and year-earlier yields on Government bonds; percent
C.P.I. 1985 actual and 1986 estimated change in consumer prices; percent
© 1985 & 1986



in oil prices and declines of the dollar, interest rates and inflation have helped. Now he must find a way to assure that the good times come back, and stay. In an evermore interdependent world economy, he can no longer do it without the help of others.

The political environment for innovation and cooperation has not looked richer since the first summit conference, in 1975, in Rambouillet, France. Philosophically, all the leaders view the world through a pragmatic conservative lens. The Europeans are all winding down their welfare states, preaching free enterprise and deregulation. President Reagan, the one-time laissez-faire radical among them, now leans the way of the others in recognizing limits to unfettered markets.

Even on a personal level, all get along. With the exception of Jacques Chirac, the new conservative French prime minister with whom Mr. Mitterrand will have to share the dias, all the leaders are veterans of previous summit conferences and have become bear-hugging, call-me-Ron, call-me-Yasu buddies.

ties blocking the way to convergent national economies—seem to be diminishing. Foremost among them has been American deficits, which European leaders said caused the high dollar, high interest rates, strains on debtor countries and gaping American trade deficits.

In the past year, the deficits have shrunk to 5 percent of the gross national product from 6 percent. The Congressional Budget Office sees them retreating in absolute numbers, too, from the record \$212 billion in 1985, to a little less than that this year and falling faster later.

"For the first time," said Count Lambsdorff after his visit here last month, "I go home confident that something meaningful is under way to curb the deficit."

Another "rigidity" has been Japan's—and to a lesser extent, Germany's—devotion to policies favoring exports over balanced trade and domestic economic development. Such policies are often sound for a small, struggling nation but they are murderous when a big one uses them. It means other nations must pay for

since those initiatives. The environment may be ripe now for more formal arrangements.

Mr. Reagan's proposal to consider a monetary conference has revived interest in restoring what economists call an external rule to discipline national economies. Under the rule, currencies would be fixed by tying them to gold or other commodities or to "target zones" within which countries would allow currencies to drift a bit. When a currency fell out of line, the country behind it would be required to modify the domestic policies that caused the misalignment.

But summit governments are weighing a less arbitrary mechanism. They accept the thought of some external discipline that they call "surveillance." Countries would agree to pursue compatible policies and assess their performance by monitoring important indicators of each country's economic performance—growth, inflation and the like. Controversy over such coordination turns in part on whether to include exchange rates among the indicators.

The Economy

WEEK IN BUSINESS

Consumer Price Fall Tied Mainly to Oil

Inflation's disappearing act continued in March, with consumer prices dropping a steep four-tenths of 1 percent, the same as in February. Falling oil prices got most of the credit: Gasoline dropped a record 12 percent. But analysts have been warning Americans not to get too smug about the permanency of the drop. Once oil bottoms out, they say, inflation is likely to rise again. Indeed, costs of services, an increasingly large segment of the economy, rose in March.

Weaknesses in the economy are showing up in other areas, too. Durable goods orders fell 2.5 percent in March, the biggest drop in a year. And the fall would have been 5.7 percent without military orders. Part of the drop came from the falloff in the oil industry, but analysts said it also reflected the battle with imports.

The Fed may not encourage United States interest rates to fall further, the Fed chairman, Paul A. Volcker (pictured), said. But that, he said, did not rule out further cuts by other nations. Mr. Volcker's statements showed the United States' concern that the fall in interest rates, desirable though it is in stimulating economic growth, is resulting in too steep a drop in the value of the dollar. Indeed, the dollar hit postwar lows against the yen despite intervention by the Bank of Japan. Mr. Volcker would not say whether the Fed was intervening, too.

Bond prices dropped steeply through the week as traders became increasingly convinced that the party's over, and the continued pressure on the dollar will push interest rates up. An unexpected \$4.4 billion drop in M-1 had little effect. The Dow industrial average rose to a record 1,855.90 and then fell in tandem with bond trading, ending the week at 1,835.57, down 4.83.

Japan appeared to back down on promises to stimulate its domestic markets to help its trade surplus. Two weeks ago, while in Washington, Prime Minister Yasuhiro Nakasone had said he was "determined" to put into effect special committee recommendations on economic reforms. But back in Japan, he claimed he made no promises. Economists, recognizing that Japan's political and cultural structures do not allow unilateral action, are disappointed that this latest effort toward easing trade pressures has apparently fizzled so soon, and so close to next week's economic summit meeting.

Japan is dumping 64K dynamic RAM chips in the United States, the Commerce Department ruled.

President Reagan won the right to negotiate a free trade pact with Canada when the Senate Finance Committee failed to block his request to do so. Canada was not likely to negotiate unless it received assurances that Congress would not have the power to amend any agreement.



The New York Times

A trade war with Europe appeared less likely after the United States and the European Community agreed to delay retaliatory salvos in their dispute over subsidized trade. Both sides will again try to negotiate a solution.

Banks cut their prime rate again, to 8.5 percent, in tandem with the cut in the discount rate. The prime is now at its lowest since 1978, but most analysts think it has gone down as far as it will go, especially in light of Mr. Volcker's comments.

Manuel H. Johnson is likely to be named the vice chairman of the Fed, according to White House officials.

G.E. agreed to buy 80 percent of Kidder, Peabody for \$600 million, taking out of private hands one of the last big Wall Street partnerships. G.E. had been moving far beyond its traditional electronics and industrial businesses and into the forefront of financial services companies.

OPEC agreed—in principle—to hold production to 16 million barrels a day, instead of the 17 million to 18 million barrels now being produced. But the group could not agree on how to divide the quota, which analysts say makes it rhetorical.

President Reagan urged the repeal of the "windfall profits" tax on domestic oil in an attempt to help out those companies hit by the price drop.

Oil company profits were mixed. Exxon's profits rose 29.4 percent, Texaco's net rose slightly, Mobil jumped 37.5 percent and Sun gained 14.9 percent. But Pennzoil fell 26.3 percent, Amoco dropped 30 percent, Standard Oil dropped 26.2 percent and Shell fell 6.8 percent.

Thrift units would be required to double their net worth and adopt generally accepted accounting practices under new rules proposed by the Federal Home Loan Bank Board.

Bob Packwood proposed ending most tax deductions and preferences in favor of lower tax rates. Senator Packwood hopes to infuse new life into tax revision plans, which have stalled in the Finance Committee.

G.M. earned \$1.06 billion in the first quarter, a drop of nine-tenths of 1 percent. Chrysler fell 29.7 percent, to \$356.9 million, and Ford fell 7 percent, to \$728 million. The Big Three said they were hurt by lower sales and the cost of incentive programs.

Capital Cities/ABC had an operating profit, although it had predicted a loss. ... Procter & Gamble rose 4.4 percent. ... Sears fell 12.5 percent on a drop in its merchandise group. ... Phibro-Salomon jumped 34.8 percent and E.F. Hutton soared 66.4 percent.

Union Carbide agreed to sell its home and auto products businesses to First Boston and senior management in an \$800 million leveraged buyout. The sale is part of a plan to divest assets and become more profitable.

Merrill Perlman

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED APRIL 25, 1986 (Consolidated)				
Company	Sales	Last	Net Chng	
AT&T	13,187,300	24 1/2	+	+
IBM	8,328,100	3 1/2	-	-
Phil Int	7,516,200	15 1/2	+	+
Black D	7,474,000	18 1/2	-	-
Fin Op A	6,818,900	22 1/2	+	+
Disney	6,826,300	11	-	-
Sears	6,547,900	48 1/2	+	+
Duq LI	6,510,000	44 1/2	-	-
South Co	6,423,500	13 1/2	-	-
US Steel	5,987,800	23 1/2	-	-
Chrys	5,852,400	20 1/2	+	+
Am Exp	5,482,300	38 1/2	-	-
Tetrate	5,325,600	62 1/2	-	-
U Carb	5,099,900	18 1/2	+	+
U Carb	5,067,300	24 1/2	+	+

Standard & Poor's				
Company	Sales	Last	Net Chng	
400 Ind	272.4	266.6	+1.20	
20 Transp	213.7	208.2	-2.49	
40 Util	106.8	103.5	-1.65	
40 Fin	30.9	29.7	-0.72	
500 Stocks	245.4	240.0	-2.92	

The American Stock Exchange				
Company	Sales	Last	Net Chng	
Wickes	6,956,100	5 1/2	-	-
Wang B	3,928,200	18 1/2	+	+
Fluor	3,855,300	10 1/2	-	-
BAT Int	2,187,400	6 1/2	-	-
Turner Bd pf	1,900,200	8	-	-
AM Internl	1,733,400	8 1/2	+	+
Lorimar T	1,545,900	28	-	-
KeyPharm	1,483,000	19	+	+
DomePet	1,431,100	1 1/2	-	-
Roony P	1,079,900	1 1/2	+	+

MOST ACTIVE STOCKS WEEK ENDED APRIL 25, 1986 (Consolidated)				
Company	Sales	Last	Net Chng	
Advances	949	1,498		
Declines	1,061	521		
Total Issues	2,231	2,229		
New Highs	576	676		
New Lows	37	24		

MARKET DIARY				
Company	Last	Week	Year	
Advances	949	1,498		
Declines	1,061	521		
Total Issues	2,231	2,229		
New Highs	576	676		
New Lows	37	24		

VOLUME (4 P.M. New York Close)				
Company	Last	Week	Year	
Total Sales	736,102,400	11,813,573,193		
Same Per. 1985	483,650,000	8,804,012,230		

WEEK'S MARKET AVERAGES				
Company	High	Low	Last	Change
New York Stock Exchange	182.2	158.6	180.6	+0.46
Indust	126.7	126.1	126.5	-0.84
Transp	119.4	69.6	69.8	-1.12
Finance	159.9	154.8	155.3	-3.12
Composite	141.5	138.5	139.5	-0.35

MARKET DIARY				
Company	Last	Week	Year	
Advances	361	479		
Declines	397	309		
Unchanged	144	137		
Total Issues	922	925		
New Highs	148	187		
New Lows	18	15		

VOLUME (4 P.M. New York Close)				
Company	Last	Week	Year	
Total Sales	71,927,825	1,081,888,059		
Same Per. 1985	33,141,570	722,136,065		

The New York Times

Founded in 1851

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The President's View of Deaverism

"Mike has never put the arm on me, or sought anything or any influence from me since he has been out of government." Thus did President Reagan recently vouch for Michael Deaver, his former deputy chief of staff, now under investigation by the executive and legislative branches for possible violation of conflict-of-interest laws. In a technical sense, that testimonial to a friend may be completely accurate, but as is becoming clearer, remarkably incomplete.

Consider how much influence Michael Deaver clings to, 11 months after leaving Government. He has become Washington's most conspicuously successful lobbyist by flaunting the badges of influence that the President gave him, and still gives him. What lobbyist trying to impress foreign governments and large corporations could ask for more than keeping his White House pass, the privilege of playing on the President's tennis court, even a daily copy of the President's confidential schedule?

There's no need to put the arm on the President for anything. Mr. Deaver has all he needs to put the touch on wealthy clients and to impress the Federal officials whom he approaches on their behalf.

Mr. Deaver has now created such a scandal as to make inevitable the appointment of an independent counsel to decide whether he should be criminally prosecuted. The impropriety of giving him red-carpet treatment at the White House would be evident even if his lobbying were more circumspect. But he has unabashedly circumvented the

ethics in government law. It imposes a modest requirement that former officials wait a year before doing business with former agencies, and two years before they lobby on matters they handled in office. That Mr. Deaver, a bare two months out of office, began representing Canada on acid-rain questions that he had worked on in the White House may be only his most flagrant infraction.

Fortunately, the law does not allow executive officials to let this conduct go unexamined. Several Democratic senators have petitioned Attorney General Meese to seek an independent legal counsel to see how Mr. Deaver's behavior squares with the law. The same law clearly disqualifies Mr. Meese himself from deciding whether to prosecute his close colleague.

Will President Reagan wait until Mike Deaver is being grilled by a special prosecutor before at least lifting his White House privileges? He dismissed the idea of an independent counsel the other day as "ridiculous," which shows how little he appreciates that the Presidency is being shamelessly sold out, indeed, given away.

What does Mr. Reagan think is proper behavior? What standards does he demand from former officials? He has been vociferous in proclaiming hostility to fraud, waste and abuse in other administrations. His silence now on the abuse of office by his own former official resounds by contrast. Indeed, it amounts to an invitation: Officials in a position to cash in on public positions should feel free to do so, because the President of the United States doesn't seem to mind.

Budget Juggling Is Not Just a Memory

Stealing a leaf (page 97, *inter alia*) from the high-priced memoirs of David Stockman, Budget Director James Miller, his successor, has now announced that the Federal deficit really isn't as bad as the world believes — if Congress would only accept his numbers. Forewarned by Mr. Stockman's chronicle of his years juggling budget estimates, Congress ought to respond with a suspicion bordering on contempt.

Mr. Stockman admits in cold type that he and Murray Weidenbaum, then chairman of the Council of Economic Advisers, conspired to present a "rosy scenario" in 1981 that made it appear the budget would soon balance, despite huge tax cuts and huge outlays for defense. Trouble is, the economy plunged into a deep recession, and the Government was saddled with five huge deficits, going on six.

Mr. Miller's new scenario covers only next year — the fiscal 1987 budget now before Congress. The Gramm-Rudman-Hollings law requires cutting the 1987 deficit to \$144 billion, or about \$40 billion below the indicated deficit if nothing more were done. President Reagan's proposed budget suggested a wholly unrealistic plan for slashing non-defense spending. The Senate's Budget Committee proposed balancing smaller civilian cuts with tax increases and military cuts, both of which President Reagan rejects. Mr. Miller cheerfully argues that Congress

can leave defense and taxes alone and still satisfy the law if it would only use his newly "correct" estimates of next year's spending and revenue.

Mr. Miller offers estimates of defense and agriculture outlays to replace Congress's and now dangles a tempting prediction of even better economic conditions than the Administration originally forecast. Viewed his way, these corrections wipe out perhaps \$30 billion of the \$40 billion that must be cut. Alas, though accountants can argue endlessly about spending totals, the Congressional Budget Office has much more credibility than Mr. Miller among nonpartisan analysts. As for his forecast of the economy's effect on the budget, the first-quarter slowdown and the drop in oil prices may as easily increase as reduce the deficit.

Mr. Miller insists he's not cooking the books and deserves credit, unlike Mr. Stockman, for debating the issues openly. But he speaks for an Administration that has belittled the deficit problem from the start. First it said deficits wouldn't happen, even when it saw them coming. Next it said they didn't matter, though the whole world acted in the conviction that they did. Then, in his re-election campaign, President Reagan said not to worry, we'll outgrow the deficits. Now the line is that they matter after all, but not enough to rethink defense spending or taxes. Wrong, every step of the way.

Hatred in Uniform

Marine and Army recruits swear to uphold the Constitution and defend the Government of the United States. That is reason enough for their commanders to be alert to their participation in activities of something called the White Patriot Party. This anti-black, anti-Semitic, paramilitary group in North Carolina vows to "resort to revolution" if elected leaders don't satisfy the grievances of white people.

A small number of marines stationed at Camp Lejeune and soldiers at Fort Bragg are said to be serving the White Patriot Party, formerly called the Confederate Knights of the Ku Klux Klan. The local police are worried that they may be providing the group with weapons or explosives.

The Army and Marine Corps are quite properly sensitive to their servicemen's constitutional rights as well as to their own. "We cannot restrict their freedom of expression, inasmuch as it does not interfere with their military duty or violate civilian or military law," said an Army spokesman. "We're interested in their behavior and how they act with their

fellow marines," said a Camp Lejeune spokesman.

That does not leave the commanders powerless. They can make quite clear, with on-duty lectures, that the military serves to protect free speech and thought but will not tolerate violence or the fomenting of violence. They can strictly forbid such off-base action as drilling with weapons or in combat uniform with an outside paramilitary group. They can cooperate closely with the police to guard against the misuse of military weapons.

A few years ago, Klan activities at a Marine camp in California went unchecked until cross burnings and other provocations created deep racial tension. Commanders in North Carolina need neither overreact to racial insults nor wait until extracurricular hatred verges on violence. Unit morale is very much their business. Judicious reassignments can break up white supremacist cliques. Consistent with cherished rights of free speech, military personnel should be expected to understand that their allegiance in uniform is to all the people of the United States.

Topics

By Air and by Sea

How to Hail a Cab

Driven by the same compulsion that has sent so many people clamoring up Mount Everest, two young Londoners — a Mr. McCarthy and a Mr. Boyd — parachuted off the Empire State Building last Thursday. That was impressive, but so was what Mr. Boyd did on landing. He jumped into a cab.

Jumped into a cab? Until his descent, the best way to get a New York City taxi was to rob a bank. That, anyway, is what the movies and TV cop shows have been telling us for years. You grab the cash, run out onto Fifth Avenue and throw yourself into the passing Checker.

Now though, thanks to Mr. Boyd, there's a quicker, easier way. You hide a chute under your shirt, pay the

\$3 for the observation platform, climb the five-foot concrete bulwark and the six-foot aluminum fence and jump — not forgetting, of course, to pull the cord. Sixty seconds later you're on Fifth Avenue and 33rd Street and stopping traffic, including cabs. You could hardly do better dressed as King Kong himself.

Maritime Matrimony

Spring for the yachtsman has always meant scraping barnacles and polishing brightwork. Nowadays it also means bookings for weddings. After a decade in which young people scorned nuptial ceremony, they are turning to yachts. The surroundings are romantic and the celebrations

can be raucous without bothering anyone.

Upkeep of a large yacht is now so expensive that wedding charters are welcomed by owners who would have scorned the extra cash or tax advantage. Others point out that New York's harbor is so quiet — ocean traffic having moved to Ports Newark and Elizabeth — that its spaces have become romantic.

The trend could simply reflect a new sense that maritime and matrimony go together. Sea captains, unlike airline pilots and bus drivers, may legally perform the ceremony (in international waters). The symbolism — launching a couple on the ocean of life — remains obvious. And what could be more nautical than tying the knot or getting spliced?

Letters

History Begins to Draw Lessons From Libya Raid

To the Editor:

Though a mere 14 percent of the American public disapproved of the raid on Libya, the condemnation from every other corner of the globe might give us pause. Unfortunately, criticism has been all but invisible. Even Tom Wicker saw reassurance in apparent public belief that President Reagan resorted to the raid only after trying all else to bring down Col. Muammar el-Qaddafi. ("After the Raids," column, April 18). Moreover, he reasoned, "Time and history may prove Mr. Reagan's raids to have been necessary, even fruitful."

As a professor of history, I find statements like that fascinating. Where, I asked myself, was the evidence that "history" would prove these raids to be fruitful? Do we so easily discard the right of sovereign nations to exist? Do we so hastily applaud the bombing of our allies' embassies, not to mention civilians, including children? Are we comfortable now that it is our right as Americans — no, the right of the President alone — to decide which leaders may rule and which are to be eliminated? Even conjecture deserves a few words of evidence. I demand more from freshmen on a routine exam.

Along that vein, it is worth relating how my day went on Tuesday, April 15. When I entered my undergraduate survey course, several students asked if we could talk about Libya. Figuring that the 19th-century settlement of the West could wait, I complied. What followed was illuminating. Three students, all young men, instantly offered enthusiastic, colorfully phrased approval for the raid.

They proclaimed their own willingness to fight, though later discussion revealed that none believed they would be called upon to do so. Immediately, several women, one black, the others white, forcefully responded that they thought the raid brutal, even pointless. Several mentioned brothers and boyfriends in the military who had been placed on alert; a few even admitted that they had counseled their male loved ones not to go. The reason? They did not think this raid worthwhile.

I then asked the students if they could write an essay for me, detailing the evidence of Libyan terrorism, explaining the issues behind the terrorist acts (a word, at least, on the state-mate in Middle Eastern politics), noting the stages of both negotiated and active resistance to Libya's policies, justifying the raid and explaining why the U.S. was not only operating alone, but even in the face of worldwide opposition. Finally, they were to evaluate the outcome: would the action be a success or failure in combating terrorism?

Essentially, I asked this class to write an answer providing exactly the amount of information that would be required if they were explaining the outbreak of the American Revolution, the causes of the Civil War, the reasons for the Mexican-American War

or any other conflict we had studied.

Not a single student could answer any part of the question except one: they all agreed that the raid would produce more terrorism! Moreover, they all felt that they as Americans would not suffer from any retaliatory acts, but the Europeans would. No matter where they stood on the issue, all in the class concurred that they hadn't the foggiest idea what the whole thing was about.

Divisions in this class mirrored exactly the divisions in the national polls: white men overwhelming in their support, women and blacks more undecided or opposed. The reasons, no doubt are complex. Possibly, men are more comfortable with might-makes-right politics. Maybe they find retaliation in some way manly, as many women do who likewise rejoiced at the bombing.

What bothers me is the correlation between delirious support and profound ignorance. As a colleague in my department exclaimed: "Reagan led them all into a dark closet and then said, 'See!' They all screamed, 'I see, Lord, I see!' But they see nothing." I was hoping Tom Wicker might turn on the light. Maybe someone else will. Usually history does.

TERESA MEADE
New York, April 18, 1986
The writer is an assistant professor at Towson State University in Maryland.

True Loyalty

To the Editor:

Your April 17 editorial impugning the loyalty of North Atlantic Treaty



Bob Gale

Organization allies who opposed our "surgical strike" against Colonel Qaddafi was of a piece with recent Administration slurs against the loyalty of members of Congress who oppose aid to the Nicaraguan contras. The resort to violence, we were told both times, is the true and only way.

But loyalty works both ways. The allies were no more disloyal to oppose the raid than the United States was to launch it. Predictably, terrorism, American fears and anti-American feeling have escalated. The Administration was first disloyal if it urged its allies to support a major blunder.

Insurers Pocket Hospital Savings

To the Editor:

For the last year insurance companies have been reaping large windfall profits as a result of a sharp decline in hospital use, while the premiums they charge have continued to increase.

The profits are particularly large since hospitalization accounts for the biggest share of the medical costs insurance companies reimburse.

The decrease in hospital use is the direct result of recent very effective government regulations intended to decrease the cost of treating the sick. Unfortunately, the savings brought about by these changes are not flowing to those they were intended to benefit — individuals, businesses and the Government, whose tab for medical insurance premiums has not been lowered. Rather, the savings are finding their way into the corporate coffers of the industry.

Strong regulations on hospitalization were enacted to reduce the cost of delivering medical care to society, not to enrich the insurance industry. The time has come for insurance companies to lower their premiums and pass on the savings to the public.

JEAN-CLAUDE BYSTRYN, M.D.
New York, April 8, 1986

Is the Arms Control Agency For Control?

To the Editor:

Kenneth Adelman, the director of our Arms Control and Disarmament Agency (ACDA), has made a case (letter, April 2) against the comprehensive test ban and the antisatellite ban, both proposed for arms control.

In connection with the former he states that "A ban makes sense only when a nuclear deterrent is no longer so essential for international security and stability." Since nuclear deterrence will be unnecessary only when the Soviet Union has dismantled all its nuclear weapons, can one understand why ACDA would want to propose such a treaty then and not now?

Mr. Adelman further confuses a test ban, which eliminates tests, with our present treaty which limits the size of a test to 150 kilotons. The verification problem to which he refers has to do with whether either side can tell if the other has made a test 20 percent above the agreed 150-kiloton limit of the present treaty, which allows tests. ACDA knows that there is simply no question about our ability to detect whether a test has taken place. (ACDA must also be aware that the C.I.A. has officially revised downward, by 20 percent, Administration estimates of the strength of

The Administration, you and Britain's Prime Minister Thatcher concluded that if indisputable evidence linked Libya to the Berlin disco explosion, it followed as the night the day that a hit-and-miss bombing raid was the best available response. But allies should be respected, not faulted, for finding this a dangerous non sequitur. NATO does not exist to launch air attacks against the crimes of a tinhorn.

Loyalty includes trying to stop a friend from indulging in counterproductive overkill. Since Constitution, Congress and War Powers Act have not stopped this Administration from attacking whom it chooses, America may yet be grateful for our allies' loyal opposition.

MALCOLM H. BELL
Norwalk, Conn., April 21, 1986

Leaflets, Not Bombs

To the Editor:

At a cost of millions of dollars and an indeterminate number of lives, we demonstrated to the Libyan people our ability to hit — and hurt — them at any time.

I would have done it differently. Consider this scenario:

It's just after dark in Tripoli. Crowds throng the streets. Shops, coffeehouses and bazaars are crowded and busy. Suddenly, a blinding flash turns night into day. Eyes dazzled, people mill about in near-panic. The light fades, darkness returns and a distant "boom!" Then, drifting out of the night sky like falling leaves, come leaflets — far too many for even the most zealous of police forces to gather before the people do. Printed in Arabic, they carry news and photos of victims of terrorism around the world.

Just one leaflet-spreading flash "bomb," dropped by a plane flying so high and so fast that it can't be seen, can't be heard and can't be hit by any antiaircraft missile. Night after night after night this goes on — the flash, the boom and the leaflets. Always the leaflets, spelling out the acts of terrorism, the aggression against hitherto peaceful neighbors and the vast sums of money spent on offensive weapons at a time when poverty stalks the land — and constantly reminding the people how easily a shower of leaflets could have been a rain of real bombs.

GEORGE W. EARLEY
Bloomfield, Conn., April 17, 1986

Minors and Adults

To the Editor:

Whether in reference to "protecting ours" or bombing theirs," categorizing "women and children" together, in a group apart from men, is offensive. Such usage is a propaganda technique designed to inflame passions and rally public opinion by bringing to mind, so-called, heroes, rescuers, damsels in distress. If one wishes to distinguish between civilian minors and adults, fine. But women are not children.

DEBORAH PLUMER
Brooklyn, April 21, 1986

For All the Attractions of Failure, It's Probably Better to Succeed

To the Editor:

Laurence Shames (Op-Ed, April 12) seeks to claim that success is failure and vice versa. This may be consoling to "those who never succeed," but the paradox doesn't withstand scrutiny. A person may be a success in some areas and not in others: for instance, a great parent, a good lawyer and a skilled bridge player, but a terrible golfer. It is not necessary, though I don't knock it, to change the whole world to accomplish worthwhile deeds. Few indeed are those who can change the world, but those who fill their places in it with grace are successes and are to be commended. It is better, Mr. Shames' comments notwithstanding, to succeed than to fail. I've tried them both, and I know.

John Milton may, as Mr. Shames says, have failed to "justify the ways of God to man," and that's too bad, but he succeeded in writing a monu-

mental poem and in that success justified the ways of man to God.

My view of the levels of success, in ascending order, are:

- Don't be a burden on anyone else, or cause anyone pain.
- Be good at something that makes someone happier than he or she would otherwise have been.
- Make a positive difference to someone or to a portion of the world.

Lofty aims are useful only when they are possible of accomplishment. But failing at a noble goal helps no one.

RENA G. KUNIS
Bellerose, N.Y., April 12, 1986

To the Editor:

Laurence Shames has put his finger on an egregious failing in our national "character." Indeed, he has pointed out that character is not valued much anymore.

Elbowing character aside in favor of status will be, in the long run, more devastating to the fabric of our civilization than our runaway national debt and the specter of nuclear war. Not much longer can we afford to sacrifice our values, our ideals and our children on the altars of career and success.

ROBERT A. DI CURCIO
Nantucket, Mass., April 14, 1986

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FOREIGN AFFAIRS
Flora LewisWhat
Is an
Ally?

PARIS
There has been a maximum of short-term politicking and a minimum of strategic political thought in the matter of opposing Libyan-backed terrorism. This has been the case in Europe, except for Britain's Margaret Thatcher, as well as in Washington.

The French are deeply upset now by the reaction of Americans to their refusal to allow overflights for the U.S. raid on Libya. Many claim that France has been unjustly singled out for anger and what amounts to a spontaneous popular boycott. To the question "What are allies for?" the indignantly defensive answer is another question. Do you expect us to knuckle under to the U.S. on everything?

As they reconsider, a number of eminent French commentators have attacked their Government for its pusillanimity, its craven shortsightedness, and for risking the danger of a breach in the alliance. The claim that France would have supported a bigger, more decisive American attack on Libya seems to be a deliberate effort in Washington and Paris to muddy the tracks and help leaders on both sides escape a disagreeable confrontation.

Critical articles in the two main French news weeklies brush the sophistry aside with headlines reading "The French Rejection," "A Friendship Betrayed," "The Ostrich," "The Europe of Impotence," and argue that the Atlantic rift outweighs whatever illusory advantages Europe thought to gain. They call for supporting the U.S. without quibbles.

But the polls are not so clear on public opinion. Gallup showed a majority (59 percent) approving the American raid but a larger majority (63 percent) approving French refusal of overflight. Louis Harris, taken a few days later, showed a majority (56 percent) disapproving the raid and an overwhelming majority (79 percent) approving the Government's decision. Yet most people seem to be hurt and surprised that Americans take it badly.

The attitude gap is enormous. It is necessary now to separate the issues of the raid itself and the meaning of alliance.

I think the raid was unwise because it could not advance the goal of stopping terrorism. In fact, the high-decibel crusade against terrorism advances its objectives. It is certainly a brutish evil, but not the only one in the world. In terms of injury and death to individuals, corruption and degradation of society, erosion of political institutions and the rule of law, the drug traffic is much worse.

The terrorists have been awarded the limelight, to a degree far beyond their own capacity of achievement. I suspect that is because it is easier to single out and dramatize the role of Libya's Colonel Qaddafi with his Soviet weapons than that of drug dealers, as an old western embodies the struggle of forces of good and evil, identifying them with a white or black hat.

International problems may bring high adventure but they are not an entertainment. It isn't difficult to figure out what the Russians must be calculating in their shrill but prudent handling of the Libyan case. They are not giving Colonel Qaddafi enough support to protect him from America's

The issue of
the Libya raid
must now
be considered
separately

ire, which they have given Syria's President Hafez al-Assad.

They don't like Mr. Qaddafi because he is unpredictable, uncontrollable, a worrisome rogue. But they are giving Libya enough support so that if the U.S. should manage to topple the colonel, Moscow will be in a good position to have even better relations with a successor regime and perhaps convert it into a reliable Soviet ally like South Yemen or Ethiopia.

There is no sign that Washington has given much thought to what might come after Mr. Qaddafi. It is as if the story of terrorism and the nuisance value of Libya end when he ends. Dealing seriously with the trouble doesn't require such a loss of perspective, but that is no excuse for allied apathy.

The importance of the U.S. attack on Libya, the campaign against terrorism, and the troubled alliance including French-American relations are on quite different levels of magnitude.

If the raid did anything useful at all, it may have been to stimulate the Europeans out of their cringing lethargy at the call for sanctions against Libya. They are edging up to a recognition that they have far greater interests elsewhere. But fighting terrorism is a bigger question, and it will take many more concerted international measures.

Far beyond that is the need to reaffirm Western solidarity and lead people on both sides of the Atlantic back to an understanding of their reasons for friendship and mutual support. That is the task for the Tokyo summit, and European leaders must realize that this time the odds are on them. □

Toward
Global
Order

By Eugene V. Rostow

WASHINGTON
Most comments on the United States' accelerating campaign against Libya have treated it as an isolated episode, provoked by an eccentric, and confined to the issue of terrorism, for which a state is legally responsible. But the American pressure on Libya should also be viewed in the cold perspective of geopolitics as the first step in carrying out what should be called the Reagan Doctrine.

The United States has finally begun to supplement the Truman Doctrine of containment by undertaking a policy of more active defense against the process of Soviet expansion. In this context, the bombing of Libya is a breakthrough of incalculable psychological and political importance.

It has been obvious for some time that a Western policy of active defense against Soviet expansion is inevitable and overdue. For nearly 40 years, the West has carried out the Truman Doctrine, sometimes well and sometimes badly, and waited patiently for Soviet policy to mellow under the benign influence of Russian high culture, in accordance with George F. Kennan's 1947 prediction.

But the West can no longer assume that Soviet policy will mellow through

Eugene V. Rostow is visiting research professor of law and diplomacy at the National Defense University.

natural causes alone. The Soviet thrust for power has gone far beyond what the limits of Western tolerance should be. America and its allies confront the problem that dominated British foreign policy for 400 years — the occasional bid of a strong power for mastery rather than for security within the equilibrium of an effective balance-of-power system.

Unless the Truman Doctrine is rejuvenated, modernized and supplemented by a prudent and effective strategy of counterattack, we shall lose whatever chance there may be for true détente — that is, for a relationship of cooperation in which the Soviet Union gives up its Faustian dream of empire, becomes a responsible member of the Security Council and lives like other states within its legitimate borders in accordance with the rules of the Charter.

Libya, a Soviet client state if not a true satellite, is a cautiously chosen first target in President Reagan's campaign of active defense. The Soviet Union would have preferred an American attack on Cuba and Nicaragua. Such moves, the Russians could hope, would involve the United States so deeply in Western Hemisphere af-

The raid is
a first step
in an
overdue
effort
to resist
Soviet
expansion



Jugoslav Vlahovic

Further
Into
A Trap

By Gary Sick

THE number of terrorist incidents directed against American citizens living, working or traveling outside the United States has increased dramatically in the past three years. More Americans have been killed or wounded in such attacks in the past 30 months than in the previous 13 years.

The significance of these figures should not be exaggerated. What is most remarkable about the statistics on terrorism is the relative immunity that Americans have enjoyed for so long. Of the 812 incidents of interna-

tional terrorism in 1985 — a very bad year — fewer than 20 involved Americans. A total of 23 Americans were killed in such incidents — about one-fourth the number who die each year as a result of being struck by lightning. Terrorism may be immensely ugly and menacing, but for Americans it is still extraordinarily uncommon.

Still, the upsurge of American casualties, particularly in the Middle East, is an unmistakable and disturbing trend. Is it likely to get better or worse? Can American policies make a difference?

Terrorism is as ancient as politics. The words "thug," "assassin" and "zealot" originated with well-organized extremist movements that pre-

dated by many centuries Muammar el-Qaddafi, Abu Nidal and the Ayatollah Ruhollah Khomeini. In the future as in the past, those who hold the existing order in utter contempt will perpetually rediscover the power of a tiny group to intimidate and frighten those whom they cannot persuade. There will always be desperate individuals who conclude that their cause can be redeemed only by acts of violence, often random, defiance. Like vice or corruption, terrorism can be fought, managed, controlled; but it cannot be eradicated.

Over the next generation, terrorism is likely to get worse rather than better. One of the most obvious reasons is simple demographics. Today 60 percent of the population of the third world is under 20 years old. There is no historical precedent for a demographic eruption of this magnitude, so predictions about its consequences must be made with caution. However, one effect may well be a substantial increase in political instability and extremist activity.

The social ferment experienced by America and other industrialized countries in the 1960's and 1970's when the post-World War II "baby boom" generation was coming of age is still a vivid memory. If that experience is any guide, the immensely larger population wave about to sweep over the less prosperous and often politically unstable countries of the devel-

In the next
generation,
terrorism
is likely
to worsen

oping world may prove to be the most important single fact of international politics between now and the year 2000.

The policies of the United States or any other nation can do nothing to alter the demographic facts. However, it would be foolhardy to pursue policies that fail to take account of the longer-term implications of these new realities.

In recent years, American policy in the Middle East has moved steadily in the direction of increased engagement as a partisan — even a combatant — in the conflicts of the region. First in Lebanon and more recently in Libya, the United States has injected itself not as an intermediary or peacemaker but as a direct participant in regional disputes.

Most Americans exult at sending a

"message" to Colonel Qaddafi. But the syntax of violence is as ambiguous as that of diplomacy. The message we think we are sending to Colonel Qaddafi may not be the message that is being received by a new generation in the Middle East that is being conditioned to regard the United States as a distant, indifferent bully.

Moreover, the policy is not working. On the contrary, the backlash has forced the United States to curtail or terminate its official presence in Lebanon, in Libya and now in the Sudan, in addition to the earlier withdrawal from Iran. Private firms and individual Americans have followed suit. This exodus of American influence and presence from the Middle East is, of course, precisely what the terrorists hoped to achieve. That is the terror trap: succumbing to our own sense of outrage, we do ourselves more damage than the terrorists could ever hope to accomplish by themselves.

The Middle East policies of three previous administrations have been discarded almost casually in favor of a policy of military retribution. The new posture is undeniably popular with the American people, but public responsibility for foreign affairs is not a popularity contest. In this moment, as we brace for another round of terrorist escalation, there is perhaps still time for a sober reassessment of our national priorities and objectives in the Middle East. □

WASHINGTON | James Reston.

Cuomo's Political Gamble

WASHINGTON
When the Governor of New York criticizes the President of the United States and his policies as sharply as Mario Cuomo did before the American Newspaper Publishers Association in San Francisco the other day, you have to think he's in a great hurry to leave Albany and replace Ronald Reagan in the White House.

That's only half right, he told me in his Manhattan office. He's going to seek another term as governor, he said, and see what happens later when other candidates run through the state Presidential primary elections.

Wrong decision, says Robert Strauss, the former Democratic national chairman, who knows a thing or two about the mysteries of politics. It's a long, weary journey from now to the nominating conventions of 1988, he adds, but you have to run for it and not merely speak for it, no matter how well you speak.

Maybe so, says the Governor. It's a gamble, but he'll take his chances. For

he has a different view about the mood of the voters, or at least what their mood is likely to be two years from now when Mr. Reagan is no longer on the ticket and the people begin to think about policy instead of personality.

He concedes that the President is now "the most powerful political force in the country," but he does not believe in "a conservative Reagan Revolution."

"Everybody wants to feel good," Mr. Cuomo said, "but after a while, if the kids can't afford to go to college or buy a house, or keep the farm, or get a job, they won't feel so good." He rejects the notion, popular with some Democratic leaders, that his party should abandon its liberal philosophy and move to the right. If the people are really in a conservative mood, in favor of more billions for defense at the expense of the poor and the middle class, then, he says, they'll vote for Republican conservatism and not some bogus Democratic substitute.

Corrections, yes, but capitulation to Reaganomics, no!

He made this point clear in his speech to the publishers in San Francisco, as he did at the last Democratic Presidential nominating convention in that city.

He talked about the "despair" of the poor that is threatening the tranquility of the whole nation, and he kept insisting that this was not a question of "moral responsibility" but of the self-interest of all our people.

He accused the Reagan Administration of "squandering" billions of dollars on defense while "lacking a sense of compassion" for the people who were left behind.

"We cannot," he insisted, "watch the numbers of our poor grow, our middle class shrink, their dreams wither, and think that the loss in productivity, the burden on our resources, the increased violence and disorientation will not threaten us all."

No governor of New York has talked in such terms about an administration in Washington since Franklin Roosevelt condemned Herbert Hoover during the economic depres-

sion and Presidential election of 1932.

Did Mr. Cuomo go too far too soon in the campaign? Was he right to decide to seek another four-year term as Governor, which he could not complete if he really got into the Presidential race in 1988?

His party is divided on these points. Senator Pat Moynihan, unlike Mr. Strauss, believes Mr. Cuomo is right to try for another term as Governor.

Others think he is wrong to attack the President at the height of Mr. Reagan's popularity, and to believe that the conservative cycle in our politics has run its course.

But Mr. Cuomo does not agree. At the least, he says, the conservative era is waning, as it did in the 20's and again in the 60's, in the way that the New Deal and the Fair Deal faded as the people tired of that status quo.

By 1988, he believes, when the Democratic opposition is not Ronald Reagan but George Bush or Bob Dole or Jack Kemp, the people will wonder why the budget deficits are at a record high and why, after spending a

He'll wait
and see
about '88

trillion dollars on defense, the Reagan Administration continues to argue that in many ways we still lag behind the Russians.

Governor Cuomo was well aware that he was making a tough anti-Republican speech in San Francisco to an audience of newspaper publishers who are not famous for supporting the Democratic Party. But he is not likely to change his theme, or weep on his pillow if after the primaries his party does not summon him to the rescue. Too many people are hurting, he thinks. They are crying for food and jobs and houses, and President Reagan has given them tranquilizers. □

'Tai-pan' Sees Old China and New

By JOHN F. BURNS

The history of American film and television production in China has been prickly from the start.

Not long after President Nixon made his breakthrough trip here in 1972, there was the well-known New York television producer who rejected a "typical" family chosen for her by the Chinese because one of the children had jagged ears. And later — among other examples — there were a couple of "Love Boat" specialists that featured American tourists behaving as though they had made their landfall in Miami rather than Peking.

Lately, the task of squaring American needs and Chinese sensibilities has fallen to the most ambitious project yet, a film version of James Clavell's epic novel "Tai-pan." Nearly 20 years after Hollywood first considered the idea, the de Laurentis Entertainment Group has committed \$25 million to a big-screen version of Mr. Clavell's saga about the 19th-century swashbucklers who built commercial empires — and the colony of Hong Kong — out of the opium trade along the South China coast.

Not long ago, a crew headed by Raffaella de Laurentis, the Italian film maker's 33-year-old daughter, completed more than three months of shooting for the film, scheduled for release later this year. Treading in the footsteps of William Jardine, the Scots-born trader who was the archetype of the men who inspired Mr. Clavell's tale, Miss de Laurentis used locations in Canton and along the Pearl River, which carried the traders inland from the sea. Early Hong Kong, Britain's prize from the Opium War of 1840-42, was re-created on the beachfront here in Zhuhai, across the border from Macao.

Miss de Laurentis, whose mother is the Italian actress Silvana Mangano, took a number of risks in what was her fifth production for her father's company. Among them was her decision to compress Mr. Clavell's complex novel, 734 pages in its paperback version, to a two-hour production for theater release. Several of those involved in the project, including the Canadian director Daryl Duke, who directed the "Thornbirds" mini-series for the American Broadcasting Company, felt that a mini-series might have made for more satisfactory development of the characters in "Tai-pan," as well as making fuller use of the pictorial opportunities of filming in China.

With her father, who remained in

close contact with the production from his base in Los Angeles, Miss de Laurentis took other gambles with the casting. The role of Dirk Struan, the Jardine-like character who is the central figure in the book, went to Bryan Brown, the 38-year-old Australian who first impressed American audiences as one of three soldiers on trial for their lives in the Boer War saga "Breaker Morant." For his first major role in an American film, Mr.

received a nearly universal drubbing from the critics. This did little to enhance a career whose major credits had been "Conan the Barbarian" and its sequel, "Conan the Destroyer."

At the "Tai-pan" signing, the producer told associates it was "either my greatest adventure, or my worst mistake." Nine months later, she had no doubts. As the crew completed filming, she sat in her jeans on the beachfront while stuntmen shot a ty-

Hong Kong, hundreds of Chinese production personnel and extras were pulled off the set, halting the \$100,000-a-day shoot while a letter paring over the affair was delivered to the publishers in Hong Kong.

The strains spread to the 150 foreigners on the "Tai-pan" crew, a mixture of about 20 nationalities, predominantly American, British and Italian. In one camp, with the producer, were those who felt the Chi-



Bryan Brown stars in the screen adaptation of the James Clavell novel "Tai-pan," a \$25 million production filmed in China amid controversy.

Brown had to acquire a Scottish accent — not easy for an Australian, but perhaps less demanding than the transition required of his Shanghai-born co-star, 23-year-old Joan Chen, who was famous as a child actor in China but who never acted in a Western production before.

The toughest choice was the decision to film in China. But after making eight preparatory trips here in 11 months, Miss de Laurentis signed a production contract with the Chinese in May 1985.

The venture carried heavy implications for her reputation as a producer. In 1984 her previous film, the \$45 million science-fiction production "Dune," shot on location in Mexico,

phoned sequence, her voice fighting wind machines blowing a gale through water pumped from the South China Sea. "Was it a good idea coming here, given what I now know?" she said, running a hand through her tousled blonde hair. "No. And would I come here again? Again, no."

The producer's bluntness was controversial on the "Tai-pan" set from the start. Production had hardly begun when she launched into a running battle with the Chinese host organizations, Central China television and Pearl River Studios, the state-run film makers in Canton. After one sharply critical interview appeared in English-language newspapers in

nese had been consciously obstructive, forcing clumsy script changes to suit political predilections, levying exploitative charges, entangling the production in red tape and doing little to boost a dimly low level of efficiency for an endeavor that contributed \$8 million to their economy. Others felt that the hosts had generally done their best, that a clash of cultures was inevitable and that matters would have gone more smoothly if Miss de Laurentis had been less confrontational.

Charles Jennings, an American whose job as executive in charge of production put him in the thick of many of the disputes, belonged to the second camp, as did the director, Mr.

Arts & Leisure

Duke. However, both said that factors beyond Miss de Laurentis's control, including the unsophisticated nature of the Chinese film industry and continuing political sensitivities, raised questions about the viability of any major Hollywood-style production here. Mr. Jennings, who has plans for further productions in China, said that the lesson of "Tai-pan" was to stick to smaller projects. "I wouldn't do anything so big again," he said. "With 'Tai-pan,' we asked the Chinese to go from the horse-and-buggy kind of operation they have in their own industry to a Ferrari, and they're not ready for that yet."

Sam Changcheng, director of Pearl River Studios, agreed that the Chinese crews who worked on the film had learned a good deal, but laid blame for the problems directly on Miss de Laurentis. "If there had been another producer, this enterprise would have been a big success," he said. "As it was, despite the handicaps we were placed under by the producer, we managed to achieve good co-operation on the creative side. We will draw our lessons, and look forward to more such ventures in the future."

For the Chinese, the making of "Tai-pan" fell within Deng Xiaoping's "open door" policy, under which the country has admitted a rush of foreign entrepreneurs. From this perspective the difficulties that enmeshed the film were not much different from those that have soured relations in numerous industrial ventures where foreign capital and technology have been mated to Chinese labor, always under conditions that give the Chinese the final say. Few such ventures have prospered, and in most, relations between the two sides have become seriously strained.

"They have to make up their minds," said Miss de Laurentis in Zhuhai. "If they really want to 'open,' well and good, let them open, but if what they really want to do is to take our money and run the country in the same old way let them say so, and people like me can go elsewhere."

Some of the producer's biggest headaches were occasioned by Chinese demands for money. Before a clapper board crossed the border, she was required to pay \$630,000 to Central China Television and the China Foundation, a Chinese Government agency that fosters cultural exchanges. Miss de Laurentis called

this a "license fee," and contrasted it with arrangements elsewhere in the developing world, where governments compete to attract film companies. To Mr. Sun, the studio boss, the "commission" was normal practice — normal, he might have said, in a country where any organization sponsoring film makers is taking a political risk.

Other frictions arose over the script. A plan to run the film's title sequence over shots of the modern Hong Kong waterfront was vetoed by the Chinese, apparently because of the implication that men like Jardine had accomplished great things. A scene that would have shown Chinese looting after setting fire to the opium warehouses in Canton was similarly struck on the grounds that the attackers, heroes in Chinese history, would have done no such thing. Bedroom scenes had to be filmed in Macao, and because Chinese officials objected to the idea of a native Chinese girl surrendering herself to an opium trader, the part played by Miss Chen, the concubine May-May, had to be re-cast as a Singaporean.

To Miss de Laurentis, the changes amounted to censorship, albeit of a largely trivial kind. But Mr. Sun of Pearl River Studios took a different view. His account was that the "Tai-pan" contract provided that the film be "historically accurate and not unfriendly to the people of China," a standard provision in recent film contracts.

Mr. Duke, the director, said that it had been naïve to expect the Chinese to gloss over details of a film about the Opium War, in which Britain took the excuse of China's attempts to rid itself of the traders to seize territorial concessions. "It was a very sorry page in their history, the beginning of a 100-year period of exploitation, intervention and chaos," he said.

Miss de Laurentis estimated the additional costs forced on the production by the Chinese at between \$1 million and \$1.5 million, but even this was disputed. Mr. Jennings said that the contingency fund normal for Hollywood films took care of the bulk of the overrun and pointed out that the crew had run only a week or two beyond its original schedule. In either case, the situation was sufficiently worrying for Miss de Laurentis to spend long hours on the telephone with her father. "Dino is not amused," she said.

Lemmon Relives the Past In O'Neill's 'Journey'

By SAMUEL G. FREEDMAN

When the curtain descends on Eugene O'Neill's "Long Day's Journey Into Night," as shattering a moment as the American theater knows, Jack Lemmon lets out a moan that sounds soul-deep. It is the final personal stamp in a performance as James Tyrone that promises to stir passions and incite debates much as Dustin Hoffman's Willy Loman did two seasons ago. Similarly, the revival under Jonathan Miller's direction dares to defy the traditional approach to O'Neill, which saw its ultimate expression in the José Quintero-Jason Robards revival of "The Iceman Cometh" earlier this season.

Just as Mr. Hoffman's bantam rooster of a salesman liberated Willy Loman from the building, lumbering style of Lee J. Cobb, so Mr. Lemmon's Tyrone stands apart from such previous interpreters as Fredric March, Spencer Tracy, Ralph Richardson and Laurence Olivier. In their hands, Tyrone was the architect of domestic despair — a niggardly, hectoring tyrant largely responsible for one son's alcoholism, another's poor treatment for tuberculosis and his wife's addiction to morphine.

Mr. Lemmon regards his Tyrone as a decent man with some indecent traits, a faded dandy aware of his self-delusions, a man as much victim as victimizer. Toward that end, Mr. Lemmon has assembled an arsenal of detail — combing his hair when he enters the room, briskly opening the morning mail over coffee, turning a sincere plea to his sons into a little performance. But most of all the 61-year-old actor depends on the image he has built through three decades of film and stage work: the Everyman.

From his comic turns in "Mister Roberts" and "Some Like It Hot" to his sad losers in "Save the Tiger" and "Days of Wine and Roses" to his suddenly politicized common men in "Missing" and "The China Syndrome," Mr. Lemmon has sent one consistent message to his audiences: This could be you. Even sitting for an interview in Washington, the last Broadway stop for "Long Day's Journey," Mr. Lemmon seemed every bit the Average Joe, with his jeans and terrycloth shirt, his golf clubs in the hall and fishing magazines on the table.

But with Tyrone, Mr. Lemmon maintains, the Everyman reputation is a mixed blessing. "I don't see many pluses to it," he said. "It may be difficult to get people to accept me as Tyrone. I think a lot of people don't. But I was surprised that a few people early on said, 'Gee, that's the

first time I liked the old man."

"All I know is that I understand him. I think it's when his son Edmund calls him 'a stinking old miser' and he thinks for a minute and says, 'Maybe I am. I just can't help it.' He's not an evil man. Above all, the thing I felt and tried to accentuate is the genuine love in the family, especially between James and Mary. Because if it isn't there, an audience would say, 'Why did they go through it?' and they'd be right to wonder."

Mr. Lemmon's communion with Tyrone should not surprise, for the character reflects both a logical extension of many of Mr. Lemmon's other roles and a variety of his own experiences as a son and father. Mr. Lemmon had never seen a production of "Long Day's Journey" until joining this one, and he had never put Tyrone on his wish-list of roles — Iago, Richard III, Christopher Mahon in "Playboy of the Western World" — but once he began working on Tyrone he felt he knew him.

As both performer and pincher of pennies, Tyrone reminds Mr. Lemmon of his own father. "My father had a touch of Tyrone in him," Mr. Lemmon said, "and maybe it's in my performance. The self-made man from a meager background. I remember vividly when I was a child that if I asked for a nickel, I got a lecture of 'When I was your age, I had a paper route and by the second year I added magazines to it.' If we left a bloody light on when we went out and he saw it, there'd be a five-minute lecture almost like Tyrone's electric light company speech."

"For my father to be able to retire at 60 was a feather in his cap. I remember his pride in saying how much money he would leave behind. Even if it meant depriving himself. He would tell us to the dollar how much he was leaving. Because in his family, to be able to do that was like being a king. It was so important to him. Unfortunately."

While John Uhler Lemmon made his living as an executive of the Doughnut Corporation of America, he also was an amateur barbershop singer and soft-shoe dancer and a storyteller whose gift for blarney earned him the nickname "Lyn" Lemmon. He adored the stage and introduced Jack to it early in childhood.

"I remember one night way back," Mr. Lemmon said, "when Bill (Bojangles) Robinson was doing the 'Hot Mikado' in Boston. My father knew someone in the show, and we were invited to this after-show dinner at a nightclub. They got my father up with Bill Robinson with the orchestra and the two of them were doing a soft-shoe. He was up there throwing sand on the floor and doing the shuffle.

They could hardly get him offstage."

Mr. Lemmon's memories of his mother are touchier, more complicated — a zone of history he tends to guard from outsiders. Millie Lemmon was herself a would-be performer who backed away from the theatrical life because, like Mary Tyrone, she considered it unsuitable for a proper young woman. She gave birth to Jack two months prematurely in a hospital elevator and, like Mary Tyrone after the difficult birth of Edmund, resolved to have no more children. Her marriage to John Lemmon was one of enormous love and enormous incompatibility; the couple separated when Jack was 18, but they never divorced and lived no more than a mile apart for the rest of their lives.

In a final parallel to the fictive Mary Tyrone and to Eugene O'Neill's actual mother, Mrs. Lemmon tried to numb her loneliness with chemicals. Her choice was not morphine but alcohol and sleeping pills. She successfully cut back her use after nearly dying from mixing the two depressants, but before that she was a regular at the bar of the Ritz-Carlton Hotel in Boston.

"She was a nut, a real crazy nut," Mr. Lemmon said, clearly meaning eccentric rather than insane. "You never knew what she was going to do." He chuckles at some inner memory, then turns somber. "She was never good to the extent of Mary Tyrone, thank God. But it was hard on her the years my father traveled, the time after they separated. She never got over some of that. And knowing her in some peculiar way helped me, even unconsciously, to understand what James Tyrone feels about Mary."

As the famous-actor father of a struggling-actor son, Christopher, Mr. Lemmon also brings strong personal feelings to the relationship between James and Jamie Tyrone, which itself closely paralleled the real life symbiosis of James and Jamie O'Neill.

"Something that's never discussed in the play," Mr. Lemmon said, "is that part of Jamie's problem is that it is terribly difficult to go into your old man's profession — especially if your old man is famous. It's 'Let's see what the kid can do. Can he measure up?' And fortunately Chris has done well. But I know the hell he was going through when he just started. I remember him coming home from one of his first interviews. He'd opened the door and the agent was looking at the list and saying, 'Well, look who's here now. Let's see what the star's kid can do.' So I understand Jamie. Not only to be an actor, but to have to play the supporting parts alongside his father. It's something that scares you to death."

Urban Developments

By JOHN DREYER/Puzzles Edited by Eugene T. Maleska

ACROSS												
1 Salivary gland	18 Pain reliever	26 Duo before hoary	34 Banquet	42 River forest	50 Whole number	58 Peddler	66 Garbo and Nissen	74 Olive of the comics	82 Movie studio	90 Gives the lip to	98 Legal thing	106 Being in Barcelona
5 Fit for a king	19 Banished	27 Harem chamber	35 Words of disapproval	43 Grill's partner	51 Whole number	59 Peddler	67 Garbo and Nissen	75 Spaniard's seven	83 Ordinal endings	91 Hear a Waltz?	99 "Praying" insect	107 Leads's river
13 Clunes and McCowen	21 The Big Apple	28 Goes aboard	36 Words of disapproval	44 Prayer finale	52 Stable compartments	60 "Of robins"	68 Made merry	76 Athletes' footwear	84 Eerie tale	92 Hosp. staff members	100 Idolizes	108 Human or Mother follower
15 Pain reliever	22 County nation	29 Banquet	37 Luau souvenir	45 Dermal opening	38 View from Gibraltar	46 As busy as	53 Hebrew months	77 Designer	85 Remotely	93 Mexican matron	101 Human or Mother follower	109 Amounts bet
16 Pain reliever	23 County nation	30 "Of robins"	39 View from Gibraltar	47 Dermal opening	40 As busy as	41 Grill's partner	54 Hebrew months	78 Designer	86 Remotely	94 Mexican matron	102 Human or Mother follower	110 Amounts bet
17 Pain reliever	24 County nation	31 "Of robins"	40 As busy as	48 Dermal opening	42 River forest	43 Grill's partner	55 Hebrew months	79 Designer	87 Remotely	95 Mexican matron	103 Human or Mother follower	111 Amounts bet
19 Banished	25 County nation	32 "Of robins"	41 Grill's partner	49 Dermal opening	44 Prayer finale	45 Dermal opening	56 Hebrew months	80 Designer	88 Remotely	96 Mexican matron	104 Human or Mother follower	112 Amounts bet
20 Banished	26 County nation	33 "Of robins"	42 River forest	50 Whole number	46 As busy as	47 Dermal opening	57 Hebrew months	81 Designer	89 Remotely	97 Mexican matron	105 Human or Mother follower	113 Amounts bet
21 The Big Apple	27 Harem chamber	34 Banquet	43 Grill's partner	51 Whole number	48 Dermal opening	49 Dermal opening	58 Peddler	82 Movie studio	90 Gives the lip to	98 Legal thing	106 Being in Barcelona	114 Amounts bet
22 County nation	28 Goes aboard	35 Words of disapproval	44 Prayer finale	52 Stable compartments	50 Whole number	51 Whole number	59 Peddler	74 Olive of the comics	82 Movie studio	91 Hear a Waltz?	99 "Praying" insect	107 Leads's river
23 County nation	29 Banquet	36 Words of disapproval	45 Dermal opening	53 Hebrew months	52 Stable compartments	53 Hebrew months	60 "Of robins"	75 Spaniard's seven	83 Ordinal endings	92 Hosp. staff members	100 Idolizes	108 Human or Mother follower
24 County nation	30 "Of robins"	37 Luau souvenir	46 As busy as	54 Hebrew months	38 View from Gibraltar	39 View from Gibraltar	40 As busy as	76 Athletes' footwear	84 Eerie tale	93 Mexican matron	101 Human or Mother follower	109 Amounts bet
25 County nation	31 "Of robins"	39 View from Gibraltar	41 Grill's partner	55 Hebrew months	42 River forest	43 Grill's partner	44 Prayer finale	77 Designer	85 Remotely	94 Mexican matron	102 Human or Mother follower	110 Amounts bet
26 Duo before hoary	32 "Of robins"	40 As busy as	42 River forest	56 Hebrew months	43 Grill's partner	44 Prayer finale	45 Dermal opening	78 Designer	86 Remotely	95 Mexican matron	103 Human or Mother follower	111 Amounts bet
27 Harem chamber	33 "Of robins"	41 Grill's partner	44 Prayer finale	57 Hebrew months	44 Prayer finale	45 Dermal opening	46 As busy as	79 Designer	87 Remotely	96 Mexican matron	104 Human or Mother follower	112 Amounts bet
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29 Banquet	35 Words of disapproval	43 Grill's partner	46 As busy as	59 Peddler	46 As busy as	47 Dermal opening	48 Dermal opening	81 Designer	89 Remotely	98 Legal thing	106 Being in Barcelona	114 Amounts bet
30 "Of robins"	36 Words of disapproval	44 Prayer finale	47 Dermal opening	60 "Of robins"	47 Dermal opening	48 Dermal opening	49 Dermal opening	82 Movie studio	90 Gives the lip to	99 "Praying" insect	107 Leads's river	115 Lesser Sunda Island
31 "Of robins"	37 Luau souvenir	45 Dermal opening	48 Dermal opening	61 "Of robins"	48 Dermal opening	49 Dermal opening	50 Whole number	74 Olive of the comics	82 Movie studio	91 Hear a Waltz?	99 "Praying" insect	108 Human or Mother follower
32 "Of robins"	38 View from Gibraltar	46 As busy as	49 Dermal opening	62 Made merry	49 Dermal opening	50 Whole number	51 Whole number	75 Spaniard's seven	83 Ordinal endings	92 Hosp. staff members	100 Idolizes	109 Amounts bet
33 "Of robins"	39 View from Gibraltar	47 Dermal opening	50 Whole number	63 Hebrew months	50 Whole number	51 Whole number	52 Stable compartments	76 Athletes' footwear	84 Eerie tale	93 Mexican matron	101 Human or Mother follower	110 Amounts bet
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36 Words of disapproval	42 River forest	53 Hebrew months	54 Hebrew months	66 Garbo and Nissen	53 Hebrew months	54 Hebrew months	55 Hebrew months	79 Designer	87 Remotely	96 Mexican matron	104 Human or Mother follower	113 Amounts bet
37 Luau souvenir	43 Grill's partner	54 Hebrew months	55 Hebrew months	67 Garbo and Nissen	54 Hebrew months	55 Hebrew months	56 Hebrew months	80 Designer	88 Remotely	97 Mexican matron	105 Human or Mother follower	114 Amounts bet
38 View from Gibraltar	44 Prayer finale	55 Hebrew months	56 Hebrew months	68 Made merry	55 Hebrew months	56 Hebrew months	57 Hebrew months	81 Designer	89 Remotely	98 Legal thing	106 Being in Barcelona	115 Lesser Sunda Island
39 View from Gibraltar	45 Dermal opening	56 Hebrew months	57 Hebrew months	69 Hebrew months	56 Hebrew months	57 Hebrew months	58 Peddler	82 Movie studio	90 Gives the lip to	99 "Praying" insect	107 Leads's river	116 Pershing's org.
40 As busy as	46 As busy as	57 Hebrew months	58 Peddler	70 Hebrew months	57 Hebrew months	58 Peddler	59 Peddler	74 Olive of the comics	82 Movie studio	91 Hear a Waltz?	99 "Praying" insect	108 Human or Mother follower
41 Grill's partner	47 Dermal opening	58 Peddler	59 Peddler	71 Hebrew months	58 Peddler	59 Peddler	60 "Of robins"	75 Spaniard's seven	83 Ordinal endings	92 Hosp. staff members	100 Idolizes	109 Amounts bet
42 River forest	48 Dermal opening	59 Peddler	60 "Of robins"	72 Hebrew months	59 Peddler	60 "Of robins"	61 "Of robins"	76 Athletes' footwear	84 Eerie tale	93 Mexican matron	101 Human or Mother follower	110 Amounts bet
43 Grill's partner	49 Dermal opening	60 "Of robins"	61 "Of robins"	73 Hebrew months	60 "Of robins"	61 "Of robins"	62 Made merry	77 Designer	85 Remotely	94 Mexican matron	102 Human or Mother follower	111 Amounts bet
44 Prayer finale	50 Whole number	61 "Of robins"	62 Made merry	74 Olive of the comics	61 "Of robins"	62 Made merry	63 Hebrew months	78 Designer	86 Remotely	95 Mexican matron	103 Human or Mother follower	112 Amounts bet
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47 Dermal opening	53 Hebrew months	64 Hebrew months	65 Hebrew months	77 Designer	64 Hebrew months	65 Hebrew months	66 Garbo and Nissen	81 Designer	89 Remotely	98 Legal thing	106 Being in Barcelona	115 Lesser Sunda Island
48 Dermal opening	54 Hebrew months	65 Hebrew months	66 Garbo and Nissen	78 Designer	65 Hebrew months	66 Garbo and Nissen	67 Garbo and Nissen	82 Movie studio	90 Gives the lip to	99 "Praying" insect	107 Leads's river	116 Pershing's org.
49 Dermal opening	55 Hebrew months	66 Garbo and Nissen	67 Garbo and Nissen	79 Designer	66 Garbo and Nissen	67 Garbo and Nissen	68 Made merry	74 Olive of the comics	82 Movie studio	91 Hear a Waltz?	99 "Praying" insect	108 Human or Mother follower
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51 Whole number	57 Hebrew months	68 Made merry	69 Hebrew months	81 Designer	68 Made merry	69 Hebrew months	70 Hebrew months	76 Athletes' footwear	84 Eerie tale	93 Mexican matron	101 Human or Mother follower	110 Amounts bet
52 Stable compartments	58 Peddler	69 Hebrew months	70 Hebrew months	82 Movie studio	69 Hebrew months	70 Hebrew months	71 Hebrew months	77 Designer	85 Remotely	94 Mexican matron	102 Human or Mother follower	111 Amounts bet
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54 Hebrew months	60 "Of robins"	71 Hebrew months	72 Hebrew months									

MARKET PLACE

MACABEE DEAN

New-type investor

Efforts to get non-Israelis to take an active financial interest in building this country fall into definite periods.

The first such period, which stressed philanthropy, lasted for several generations. It was gradually replaced (despite its continuing importance) to attempts at persuading non-Israelis to shift their weight to actual investments.

Most of these investors—but not all—considered their investments as "benign," a sort of "investment philanthropy." They were happy to see a small return on capital, or merely to break even; and they were often content not to lose too much money.

Their greatest "return" was personal satisfaction in pioneering the jump from philanthropy to investments. Such a jump showed that Israel was indeed developing. Their money was not being funneled through the government—although the investors benefited from government grants and loans—but was going directly to build the country's infrastructure.

But another group did not belong to the "investment philanthropy" school. It was truly "profit-minded."

Some large firms, which had thoroughly surveyed the potential of an undertaking before making the plunge, did not fare too well when soaring inflation and deteriorating conditions hit them. Many small to medium absentee investors, who often had to rely totally on local management, lost their points.

As a result, non-Israelis began looking at Israel as an investment site. As a matter of fact, the very same "Investment Authority" has over the past years appeared less and less in the media.

The third, and present stage, is based on the philosophy of the Task Force ("Operation Independence") which, while not negating investments, has shifted its major emphasis in the western industrialized countries to marketing Israeli products abroad.

The stress has shifted from Israel's trying to export independently to utilizing well-established marketing outlets abroad. The preference is for national networks or chains, run by well-entrenched businessmen, who have developed a feel for the "pulse" of consumers. These men can point out to Israeli manufacturers what they will sell well, how to produce them so they have short appeal, and how to mount promotional campaigns.

At present, a young American from Florida, Tim Cohen, is trying to combine both of the latter methods—investments in Israel and marketing abroad (mainly in the U.S.).

A member of a subsidiary of the United Jewish Appeal, the 300-strong Young Leadership Cabinet (he is 32 and the fourth generation of a "retailing family") as well as if the Task Force, he has already brought two combined investment-marketing missions to Israel. He works closely with Shmuel Ben-Tovim, who heads the Economic Cooperation Committee of the Israeli Forum, a local Israeli group which specializes in strengthening relationships between Israelis and non-Israelis.

Cohen admits that his job is akin to that of a *shavhan* (marriage broker). He tries to match Israeli industrialists with American investors and retailers and wholesalers, "not only in the field of business, but also on a personal and a personal level. You have no idea at the gap which exists between American Jews and Israelis. Although many Israelis speak English well, there is a cultural and business chasm between the two communities. They have different ways of looking at things."

So far, Cohen has brought two small, but select, business missions to Israel. The first consisted of 16 men and one woman; the second of a dozen men—the lone woman was forced to drop out at the last minute due to illness.

The visitors have shown interest in some contracts were even signed—in such fields as technology transfer in the field of plastics for packaging; and investment in a start-up high-tech plant; setting up a nursing home; real estate; a leasing company for high-tech equipment; medical scanning equipment; setting up a "wind farm" to produce energy, and several other projects.

Both Cohen and Ben-Tovim, to avoid the type of investment which turned sour earlier, try to screen both partners thoroughly; the American investor/merchant and the Israeli industrialist seeking capital.

Say Cohen and Ben-Tovim: "We have one standard: is the venture profit-making or not? If not, we advise both sides to look for happiness elsewhere."

Discount Investments scrapes up a small profit, looks to better times

By PINHAS LANDAU

Post Finance Reporter

Discount Investment Company (DIC) yesterday reported a 96% drop in net adjusted profits for 1985, to NIS 455,249. The figures for 1984, restated for the new accounting rules introduced over the last year, show the firm as having made a profit of NIS 10.8 million in December 1985-value shekels.

Managing-director Dov Tadmor notes three major areas within the company's widespread investment portfolio that were primarily responsible for the fall in profits.

These were the losses recorded by Eiron Electronics, stemming primarily from its write-off of its investment in Elscint; the loss reported by Scitex; and the losses at the Israel Can Company. These losses, together with the large and ongoing R&D outlays by many of Discount Investment's subsidiaries and affiliates, outweighed the good results reported by other companies, such as American Israel Paper Mills, Dekel, Iscar and others.

The overall outcome of the results of all the companies in which DIC has an equity stake was to produce a pre-tax profit of only NIS 65,451, compared to an equivalent NIS

9.7m. in 1984. Thus, although other profits, mainly financial, grew from NIS 1.5m. to NIS 2.16m., total pre-tax profits plunged from NIS 11.2m. to NIS 2.2m.

To add to the company's problems, the implementation of the Steinberg income tax law raised its tax bill from only NIS 400,000 in 1984 to NIS 1.76m. in 1985, leaving only NIS 455,249 in net profits, or a return on equity of only about 0.25%.

The director's report, which reviews the economic upheavals and the difficult business environment which characterized most of 1985, lays out the background to these poor results. Nevertheless, in Tadmor's opinion, there are grounds for optimism regarding prospects for 1986. He bases this on several factors. Price controls are being gradually eased and firms are being allowed at least some price rises, even if these are often not as much as they would like.

Interest rates have fallen from the "murderous" levels of the second half of 1985.

Widespread cost-cutting and efficiency programmes have been introduced in many companies, centring primarily on fringes. In this connection, Tadmor noted that almost all the staff layoffs in the economy have taken place in the industrial and productive sectors, and hardly any in the government services.

Although much of the fall in DIC's profits stemmed from losses in high-tech firms, Tadmor remains hopeful that these will soon be over the difficult period at home and abroad that they are currently weathering. Here, too, the sharp cost-cutting programmes should bear fruit. Firms that had become used to growing at rates of 30-50% per annum, had to switch abruptly to zero and even negative growth. R&D investment programmes, however, were being maintained and even beefed up.

Another element in Tadmor's outlook is the fact that DIC's balance sheet is very strong. The company made bond issues worth \$10m. last year and a \$5m. rights issue increased its share capital. The sale of the company's 25% stake in the Phoenix Insurance Company earlier this year to Elihu Insurance had brought in another \$5m. in cash and left the company with ample resources to weather any further shocks and to take advantage of any opportunities that might turn up.

Mizrahi fires back at critics

By PINHAS LANDAU

Bank Mizrahi yesterday firmly rejected the accusations levelled against it in *The Jerusalem Post* last Friday, that the conduct of its "regulation" activities had involved more serious irregularities than elsewhere. *The Post* article had been based on the official report of the Bejski Commission of Inquiry.

Senior Mizrahi executives pointed to a number of instances in which their bank had been singled out in the article and in the report for criticism which they felt to be unfair or unjustified. These involved the activities of the bank as a whole, its board of directors and its managing-director, Aharon Meir, whose resignation is demanded in the report.

In casting its sentence on Meir, the commission noted that Meir paid no attention to the opinion of some of Mizrahi's directors who were opposed to Mizrahi's participation in the "regulation," and that therefore his responsibility for the outcome is all the greater. However, noted the Mizrahi officials, the recommendation does not take note of the fact, mentioned earlier in the report, that Meir personally, and Mizrahi as a bank, were in favour of the Treasury plan mooted in 1981, whereby the banks would stop the "regulation," and the Treasury would provide a "safety net" for the shares, should they fall sharply.

Although the sentence on Bank Hapoalim manager Giora Gazit is mitigated because of his "public-minded attitude," no such remark is made regarding Meir. This, according to Mizrahi, represents a double-standard of justice.

Similarly, the fact that the relatively small Mizrahi operations did not allow the bank to confuse the investigators with a complex network of foreign companies, as had been the case elsewhere, resulted in the bank being charged with "more serious infractions" when these were, if anything, less widespread and long-running.

Regarding the charge that Mizrahi allowed a broker to sell his Mizrahi shares to the bank after the closure of the stock exchange on October 6, 1983, at the price fixed before trading was halted, the Mizrahi officials said that the arrangement offered to that broker had merely prevented the bank from having to absorb the shares earlier. Had the broker not been offered this option, he would have dumped his shares much sooner, so that the deal saved the bank money.

In fact, they added, the report says clearly that MK Shulamit Aloni passed on material to the commission which indicated that retroactive transactions in bank shares at pre-October 6 prices were made in all the banks in the days following the exchange closure. The commission noted, however, that it did not have time to investigate all of them. Here, too, Mizrahi claims, it has been hard done by, in being singled out for something that it was not uniquely involved in.

Overall, the Mizrahi officials felt that their bank has been penalized for its policy of not trying to hide its "regulation" activities, thereby making it easier for the commission to examine them. Even the purchase of the Dutch company Orglo B.V., in 1982, which was subsequently used as part of Mizrahi's "regulation" control operation, was done with the knowledge of the then-Examiner of banks at the Bank of Israel, Oded Messer.

The sentence passed on Meir, and other bank heads, preventing him from filling senior executive posts for life, is regarded as exceedingly harsh as well as legally and morally unjust. Mizrahi, and according to some reports, other banks as well, have been seeking expert advice as to the legal validity of this recommendation, before deciding how to implement it.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	114.28	+1.00%
Non-Bank Index	132.47	+1.50%
Arrangement	106.19	+0.88%
Insurance	157.91	+1.40%
Commerce, Services	145.82	+3.07%
Real Estate	162.89	+1.94%
Industrials	124.51	+0.95%
Textiles	181.25	+2.72%
Metals	115.73	+0.90%
Electronics	107.98	-0.48%
Chemicals	126.26	+1.06%
Industrial Invest.	112.59	-0.40%
Investment Cos.	127.33	+3.34%
General Bond Index	104.74	+0.51%
Index-linked Bonds	105.09	+0.42%
Fully-linked	106.88	+0.57%
Partially-linked	103.90	+0.32%
Dollar-linked Bonds	89.60	+0.63%
Short-term 0-2 yrs	103.56	+0.24%
Medium-term 2-5 yrs	104.30	+0.49%
Long-term 5+ yrs	103.96	+0.74%

Turnovers:

Shares—total	NIS 7,678,100
Arrangement	NIS 1,753,100
Non-bank	NIS 5,925,000
Bonds—total	NIS 5,562,800
Index-linked	NIS 3,062,300
Dollar-linked	NIS 2,501,500
Treasury Bills	NIS 9,180,100

Share Movements:

Advances of which 5%+	251 (264)
"buyers only"	80 (87)
Declines of which 5%+	64 (21)
"sellers only"	14 (3)
Unchanged	2 (1)
Trading Halt	76 (101)
Bond Market Trends:	47 (52)

Index-linked	3% fully-linked	Rises to 0.5%
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4.25% fully-linked	Rises to 3%
80% linked	Mixed to 0.5%
90% linked	Stable
Double-linked	Stable/rises to 0.3%
Dollar-linked:	
Admon	Rises to 1.5%
Rimon	Rises to 1%
Gilboa	Rises to 3%
For. Curr. denominated	Rises to 1/2%
Treasury Bills (monthly yield)	1.28%—1.56%

Arrangement yields:	
IDB ord.	11.73%
Union 0.1	11.88%
Discount A	12.06%
Mizrahi r.	11.97%
Hapoalim r.	12.17%
General A.	11.60%
Leumi stock	11.79%
Fin. Trade 1	11.68%

SELECTED PRICE QUOTATIONS

Name Price Volume %

Commercial Banks

Maritime 1	1185	2712	
General non-arr.	2900	91	-3.7
First Int'l	3820	1764	
FBI	3600	1542	0.5

Commercial Banks

(part of "arrangement")

IDB r.	51300	301	+1.5
Union 0.1	60700	100	+1.0
Discount	103000	36	
Mizrahi	32280	609	
Hapoalim r.	54880	9	+0.1
General A	141550	8	+0.2
Leumi 0.1	30500	1636	+1.5
Fin. Trade	46630	2	

Mortgage Banks

Leumi mort.	4180	158	
Dev. Mort.	1065	1806	+8.0
Mishkan r.	2159	182	+2.9
Tefahot r.	12150	120	+4.8
Masrav r.	3700	519	-8.0

Financial Institutions

Agria C	37000	4	+1.1
Ind. Dev. DD	No trading		
Ciel Leasing & I.	8735	109	-1.1

Insurance

Ararat 0.1 r.	915	1263	+10.0
Hessnah r.	500	23159	+1.4
Phoenix 0.1	1480	1103	+3.4
Hamishmar	6660	15	+0.8
Memoriah 1	7807	95	-10.0
Sahar r.	4500	277	
Zion Hold. 1	17050	0.01	+8.0

Trade & Services

Meir Ezra	4350		
Supersol 2	4480	538	+1.4
Dalek r.	5352	2670	+0.5
Lighterage	8300	128	+1.2
Cold Storage	1157	b.o.c.	+5.1
Dan Hotels	4191	101	+7.1
Yarden Hotel	3133	158	+8.0
Hilton 1	12500		
Team 1	1890	844	+4.2

Real Estate, Building and Agriculture

Azorim	5400	4498	+3.9
Elion	420	7083	+5.0
Africa Inc. 0.1	34080	67	+0.5
Daniker	3970	903	+5.9
Elite	2710	1931	+1.9
Prop. & Bldg.	4059	14	
Bayasda 0.1	45400	403	+1.6
ILDC r.	5429	177	+10.0
Ressor r.	6000	180	
Mahadim	1095	1718	-0.9

Industrials

Dubek b	3395	1143	+3.0
Pr-Ze 1	2380	856	+3.0
Sunifrost	1200	128	+2.9
Elita	13650	39	+2.4
Adgar	780	1500	+1.3
Argaman r.	11050	245	+7.8
Delta G. 1	4500	803	+1.2
Maquetta 1	22801	69	+4.8
Eagle 1	10300	32	-1.8
Polgar 0.4	6220	880	+1.5
Schoellierin	12750	118	+2.0
Rogovin	3100	897	+0.5
Urdan 0.1 r.	9000	10	+0.2
Is. Can. Co. 1	939	2257	-0.1
Zion Cables	2280	312	+8.6
Pecker Steel	6780	1019	+4.5
Elbit 3 r.	454000	20	-2.5

Eiron

Electronics	32700	120	+3.5
Ciel Electronics	2810	1593	-
Spectronix 1	1900	2852	+3.3

Investment Companies

IDB Dev. r.	3655	2040	
Elion	2573	2032	
Afik 1	No trading		
Gahelot	1331	250	+10.0
Israel Corp. 1	6570	457	+3.1
Wolfson 1 r.	110000	2	-1.8
Hapoalim Inv.	No trading		
Leumi Invest.	4180	296	+1.5
Discount Invest.	No trading		
Mizrahi Invest.	15800	88	+5.2
Ciel 10	2181	7025	+3.5
Landeco 0.1	7407		
Pama 0.1	8809	37	+2.3

Oil Exploration

Paz Oil Expl.	13000	35	+2.8
J.O.E.L.	1383	1881	+4.0

Abbreviations:

a.o. sellers only	b. buyers only
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FINANCIAL MARKETS ISRAELI EUROPEAN U.S.

Israel Money Markets April 27, 1986

SHEKEL INTEREST RATES PRIME BORROWING RATE: 1.25% per month Unlinked Deposit (Annual Rates)

	LAST UPDATED	TAPAS	PAKAM 7-DAY	PAKAM 30-DAY
LEUMI	21.4	8-14.75%	8-15.25%	8-15.25%
HAPOALIM	12.3	10-12%	11-12%	12-12.5%
DISCOUNT	8.4	7-13%	7-13%	9-14%
MIZRAHI	8.4	6-13%	6-14%	6-16%
FIRST INT'L	12.3	6-13%	7-13%	6-13%

Rates vary according to size of deposit.
(Tapes: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 59 days.)

PATAH—FOREIGN CURRENCY DEPOSIT RATES (as of April 27)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	6.000	6.000	6.000
STG	9.125	8.825	8.250
DMK	3.750	3.875	3.750
SFR	3.500	3.375	3.375
YEN	3.125	3.000	3.000

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES

COUNTRY	CURRENCY	CHEQUES AND TRANSACTIONS	BANKNOTES	BANK OF ISRAEL Representative Rates
U.S.A.	DOLLAR	1.4629	1.4811	1.4836
GREAT BRITAIN	STERLING	2.2251	2.2528	2.2753
GERMANY	MARK	0.6671	0.6784	0.6734
FRANCE	FRANC	0.2083	0.2119	0.2112
HOLLAND	GULDEN	0.5915	0.5989	0.5967
SWITZERLAND	FRANC	0.7959	0.8058	0.8053
SWEDEN	KRONA	0.2068	0.2085	0.21
NORWAY	KRONE	0.2083	0.2119	0.21
DENMARK	KRONE	0.1806	0.1829	0.18</

THE JERUSALEM POST

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It's sinking in

AFTER their original pusillanimous reaction to the American counter-attack against Libya, the European Community nations now show signs of greater willingness to join the U.S. in the battle against international terrorism.

Last week, for example, they agreed to establish a joint system for exchanging information on terrorism and suspected terrorists. At the same time, they increased their vigilance at home, and expelled Libyans and others whom they feared could pose threats. And Britain yesterday went a step further by telling its citizens working in Libya to leave that country.

The change in tone and attitude even embraces Italy which has, historically, very close ties with Libya. The single holdout is the Greek government, either because of its anti-American or pro-Arab disposition.

The reasons for the shift in Europe are probably two-fold. Firstly, west European countries have become the prime stage for terrorism. They are exposed to domestic terrorism after the manner of the Red Brigades in Italy or the Baader-Meinhof type groups in Germany. They are also subject to ethnic and nationalist forms of terrorism, like the Basques in Spain, the IRA in Britain, or the Corsican nationalists in France. And with the intense development of their ties with the Arab world, especially since 1973 and the huge influx of Arab travellers, residents, students and diplomats, they have become the principal overseas staging venue for the various forms of Arab terrorism.

The Libyan threat, supported by Syria, to unleash a broad terrorist campaign against the U.S., British and other targets landed, therefore, on soil already well fertilized to sprout an ever increasing terrorist growth. Something had to be done. Complaints that the American action against Libya would only promote more terrorism could not of themselves provide an answer to the terrorist threat, nor could they provide the security measures that were now urgently needed.

But there is no doubt also a second reason for the new sounds from Europe. For since the U.S. raid on Libya, the cancellations of Americans travelling to Europe - and not only to the Middle East - whether for business or pleasure have reached epidemic proportions.

Such cancellations began to be noticed especially after the Achille Lauro incident in October. But Gaddafi has succeeded in turning what was a sputter into a stampede.

Primed to receive millions of summer travellers, the countries of western Europe are now confronted with a severe tourist drought and its important economic consequences.

This means that with a single stroke, Libya and its supporters have been able to produce an effective economic counterweight to whatever economic attractions oil affluence provide.

In a sense it can now be said that Israel, which for so long was left to stand alone to face the challenges and costs of defence against terrorism, has now finally been joined - in fact if not in spirit - by the U.S. and West Europe.

El Al's security procedures are being feverishly emulated without snide comments about costs and inconvenience to travellers; armed pursuit of terrorists and attacks against terrorist bases are no longer considered signs of paranoia; investment in physical security arrangements for buildings, offices and other facilities have come to be appreciated as a massive economic burden not limited to some pariah state; and the vulnerability of the tourist industry is now perceived as embracing the European heartland and not simply the "unstable" Middle East.

In these circumstances, yesterday's killing of a young British traveller in the Old City was all the more grotesque in its mindless brutality and tragedy. For if a few years ago it would have made an impact, today it is consumed by the image of undifferentiated Arab terror that can exist everywhere and must be confronted everywhere.

In a word, Gaddafi, Arafat, Assad and all the other architects of Arab terror have released Israel from its isolation on terrorism and made it an everywhere.

HEBRON

(Continued from Page One)

lived there. Stopping in front of the home of the al-Awawi family, he pointed to three memorials incised in the stonework - one of them upside down - "In memory of the destruction of the Temple," he said.

"Yossi Sarid should be shown this," one woman muttered. "Now let's get out of here," another said, nervously.

The atmosphere heated up when Kahane arrived. Supporters linked hands, and one, waving his gun, shouted, "Arabs - out. I wish that next year this city will be rid of Arabs," he added.

As a singing, dancing group encircled Kahane, the army moved to expel the MK. They led him to a border Police car, forced him onto a back bench, and drove him off to Jerusalem.

When the CRM Knesset members arrived, the army, smarting under the criticism of their failure to protect them and other dignitaries en route to a Peace Now rally here a fortnight ago, cleared the area, and ringed the MKs. But some people approached, booing and whistling, and one spat at Sarid and was arrested. Sarid told reporters that they had come to deliver a message

that Peace Now members had been prevented from conveying a Defence Ministry ban on their proposed Hebron tour. "Kach, Tehiya, Gush Emunim have a message of dispute, friction, provocation and, finally, war. Ours is a message of appeasement, talks, understanding, peaceful coexistence, and life one beside the other, not one instead of the other," he said.

The MKs later visited deposed Hebron mayor Mustafa Abdel Nabi Natshe to tell him that there was "another Israel" unlike the one he saw here.

Natshe criticized the Gush tours as insulting and a "show of muscle."

Other Arabs echoed that sentiment. "The settlers are armed and have the government behind them - so what can we do?" a member of the Kawasmi family asked this reporter.

Meanwhile, in Tel Aviv, Defence Minister Rabin met a Peace Now delegation which complained against his ban on their demonstration. Rabin said he would allow both movements to organize simultaneous tours if there were no danger of clashes. He said he would also permit meetings such as the April 14 Peace Now rally at the Park Hotel here, but not open-air meetings.

DEBT

(Continued from Page One)

Israel, from abroad, of \$5.1b. These not only covered about \$4b. of the balance of payments, but left an excess of \$1.1b. part of which caused a drop in the foreign debt.

While the \$800m. figure represents a 17 per cent improvement, if defence imports were excluded that figure would have reached 35 per cent.

The export of goods and services totalled \$10.7b. in 1985, an increase of 2 per cent. A breakdown of the figures shows that, while exports of

goods increased by 7 per cent to about \$6.6b. export of services dropped by 5 per cent, mostly from a decrease in interest receipts.

Imports, including goods and services, dropped by 4 per cent to \$14.7b. This includes a hike of 25 per cent in defence-related imports, which totalled \$1.8b. as well as imports of \$7.2b. worth of other goods.

Imported services decreased by 13 per cent to \$5.6b. The expenditure of Israeli tourists overseas dropped by 26 per cent, and debt servicing dropped by 6 per cent, because of falling interest rates worldwide.

RELATIONS WITH THE DIASPORA - TWO VIEWS

Differing over Israeli politics

Susan Hattis Rolef finds that the American Jewish establishment is uncomfortable with ideological pluralism

DURING MY recent visit to Hartford, Connecticut as a scholar in residence, one of the local Jewish Federation members arranged for me to have lunch with what he called "a problem."

The problem turned out to be a young Jewish professor, an expert on Turkey at Hartford University, Steven Rosenthal, who had written an article in *The Hartford Courant* (which is edited by an East Jerusalem-born Armenian) against the Lebanon War and as an unpublished book *A Time to Keep Silent and a Time to Speak - American Jews, Israel and the Problem of Dissent*.

In his book, Rosenthal gives a very fair description of the development of American Jewish - Zionist/Israeli relations, but he also blames Israel for treating the views of American Jews with arrogant contempt and the American Jewish establishment for failing to criticize Israel and for giving those American Jews who do, a hard time.

A chat with Rosenthal convinced me that the man is anything but anti-Israel, even his familiarity with various aspects of Israeli life and Israeli politics leaves something to be desired. If he were an Israeli he

would most probably be a supporter of Shinnui.

It further dawned on me that if I were living in the United States, I, too, would be considered a problem by the establishment and would find myself "outside the fence," growing increasingly alienated from the organized American Jewish community and the State of Israel.

OF COURSE, as an honoured guest of the Jewish community of the Greater Hartford area and an Israeli who functions in Israel within the establishment rather than against it, my status was totally different from that of Rosenthal. Nevertheless, I know that some of the views I expressed were the cause of discomfort among the Federation people. I could see them moving nervously in their chairs as I told some members of the *Courant* editorial board that, in the view of many Israelis who are left-of-centre, there has been a shift in the positions of many Palestinians, including ones in the PLO, in the direction of greater realism, which is reflected in their private admission that coexistence with Israel is inevitable.

The problem was not that there was nothing new on the Palestine front, I argued, but that this realism did not translate into policy, and that in Palestinian politics, the extremists who talk through the end of a shotgun barrel still give the cues. This point of view clearly did not correspond to the Federation's official approach that nothing has changed in the Palestinian camp. If I were an American Jew, I'd be labelled a PLO agent for expressing such views.

On only one occasion I was gently scolded by a leading Federation man for saying in a closed Federation forum, in connection with the attitudes of the Alignment and the Likud to the "Who's a Jew" issue, that "I know where Mrs. Shamir buys her meat." What I was trying to say was that religious considerations play no more of a role in Shamir's positions than they do in Peres's, but the statement was considered anti-Likud and offensive. I doubt whether a similar comment about Mrs. Peres would have elicited the same sort of reaction.

THE DEVOTION of the American Jewish establishment to Israel is admirable and often touching, and Aipac's successes are certainly impressive. Nevertheless, it seems as though this establishment is trying to

shut up American Jews who share my vision of Israel, or what policies it should follow and what the nature of Diaspora-Israeli relations should be, while I am not always sure whose views Aipac and its leaders represent. I suspect that they are not always those of the majority of the current Israeli government.

The American Jewish establishment demands that Jewish pluralism be accepted by Israel and that equality be granted to all Jewish affiliations even though there are only a few thousand Reform and Conservative Jews living in Israel today, and their numbers are unlikely to grow significantly in the foreseeable future.

But this same establishment is unwilling to accept ideological pluralism in the organized American Jewish community, despite the fact that there must be hundreds of thousands of American Jews who are as devoted to Israel as the members of the establishment, but who do not share their monolithic rightist attitude on Israeli issues. The establishment argues that if ideological pluralism were introduced into the Jewish organizations, fund-raising and lobbying for Israel in Congress

would become more complicated. But I suspect there is also an element of power politics involved - that the establishment is simply not interested in people with "non-conformist" views becoming central actors.

"Keep politics out," they say, while taking a very specific political stance which I suspect warms the heart of Moshe Arens, whose popularity within organized American Jewry is much greater than in his party at home.

"American Jews need an Israel they can admire and support without question, not a bag full of unresolved ideological issues," they continue. But I don't believe one can become truly involved with Israel, beyond writing a generous annual cheque, without being involved in the ideological issues, the different points of view and the struggles.

Personally, I'd rather have such involvement. I conclude from the reactions I got to my lectures in Israel, the Arab-Israeli conflict and many other topics - that people are ready to hear a different point of view. "Refreshing" is what they called it. Perhaps there is place for a new approach after all.

To speak or not to speak

By ABRAHAM H. FOXMAN

SHMUEL KATZ. Avraham Burg. Two names that students of Israeli politics don't usually associate with one another. But they came to mind recently when the subject of American Jewry's relations with Israel surfaced once again.

At different times both of these individuals, on opposite sides of the political spectrum, have sought the involvement of American Jewry in Israeli decision-making. In each case, an unhappiness with governmental policy and a belief that American Jewish pressure could turn around that policy lay behind their request.

Mr. Katz has been terribly unhappy with Israel's peace treaty with Egypt and, particularly, the return of the Sinai. He argued strenuously on visits to the U.S. that American Jews should not stand by while the Begin government endangered Israel's security and that it was the responsibility of American Jews to speak out.

Mr. Burg, on the other side, recently stated in a *Jerusalem Post* article that after Lebanon, American Jews could no longer afford to give Israel their automatic consent to governmental policies. Had only American Jews spoken out, he implied, there might have been no war in 1982.

Two striking points. Those who seek American Jewish comment on critical Israeli issues assume American Jewish support for their viewpoint. Thus, Burg assumes that American Jews, had they felt free to give voice, would have been against an Israeli military effort in Lebanon. But Shimon Peres and most of the

Labour Party took a very long time before criticizing the war in 1982; why assume American Jews, even if "free," would have quickly been critical?

An independent American Jewish voice is not necessarily a dissident Jewish voice. No matter the doctrine of an equal voice, American Jews would still understand that there is no equality of risk when they are sitting comfortably in Brighton Beach or Beverly Hills while decisions made by Israel directly affect the security of Israel's citizens.

What would Katz and Burg think about an outspoken American Jewry on each other's issues? Would Burg agree that American Jews should speak out if they would have strongly opposed the peace treaty with Egypt, including opposition to U.S. aid to Egypt, which Mr. Katz opposes? Would Katz agree on the opposition to Israel's war against the PLO in Lebanon, especially if that led to greater American pressure on Israel?

Political reality demands the acceptance of defeat on some specific issues in order to achieve larger strategic goals. The strength of the American-Israeli relationship is one of fundamental strategic importance to Israel and is intimately connected to a strong, supportive American Jewish community. Dividing and weakening the community over specific disagreements with Israel would result in a major long-term loss to Israel.

Still, there are those Israelis, disapproving of a particular Israeli policy, who may well be tempted to turn to American Jews as a way to gener-

ate pressure on the government of Israel. So, too, there are American Jews who would like to encourage American governmental pressure on Israel to change this policy or that.

American Jews surely have the right to say what they want - that is what our democracy is about, that is what Jewish communal life is about. But rights carry responsibilities. There may come a time when a more public mode of discussion among Jews - including profound critiques on Israel - may be appropriate. That

The real question is now to effect greater American Jewish involvement without creating a destructive free-for-all

day would arrive when the issue of Israel's security amongst neighbours who still proclaim themselves enemies of the Jewish State would no longer be the fundamental problem facing Israel. Even today, there are a few fringe voices who claim that Israel's internal problems or governmental policies are a greater threat to the country than the external enemies. But that is not the belief of the vast majority of Israel's leadership and people as well as of American Jewry. And so long as that

understanding of the situation persists, then there exists a continuing need to take into account the impact of public criticism on Israel's fundamental security. Disagreements, of course, have been communicated privately since the days of Ben-Gurion and Nahum Goldmann. Sometimes that may mean refraining from voicing criticism, a price to pay for maintaining a unity which has been helpful - if not essential - in generating support for Israel.

There are those who maintain that because the public unity of American Jews on the subject of Israel is false it is therefore inevitably harmful to Jewry and the relationship with Israel. They argue that American Jews will lose their soul, their integrity. In truth, American Jews are able to make the legitimate distinction between their diversity of private views on specific issues and the overall need to present a unified front on fundamental issues. The majority of American Jewry has consciously accepted the idea that Israel's security concerns continue to require a suspension of public criticism in most instances.

Not to say there is no dilemma here. On the one hand, American Jews are more effective in support of Israel if they don't take sides in Israel's internal political struggles but rather support the fundamental decisions made by the leadership and society, whatever party is in power at any time.

On the other hand, it is clear that more involvement in the affairs of Israel is a prerequisite for continued energetic American Jewish efforts on Israel's behalf. Some argue this involvement must take the form of

public debate on fundamental issues.

The real question is how to effect greater American Jewish involvement without creating a destructive free-for-all. The answer, as it is with regard to the aliyah question, lies in heightened Jewish education on all levels. The deeper is Jewish education, the deeper the connection to Israel, and the more profound the realization that the ties to Israel are not merely political and related to security but involve a totality of interests which can be the basis of a more intimate connection.

In that regard, American Jews should be encouraged to speak out on social and moral issues in Israel which affect Jews everywhere and which relate to the meaning of Israel for Jews. Such matters as who is a Jew, the evolving meaning of Zionism, racism, extremism and intolerance and other ethical issues are the proper domain of all Jews who feel connected to the Jewish state.

Meanwhile, on the political level we should encourage increasing dialogue between American Jewry and Israel. An outspoken American Jewry, however, will not resolve Israeli disputes; over security matters, like the war in Lebanon and the peace with Egypt. Nor should it. Rather, it should continue its historic role of leading the successful public education effort in the U.S. - among the non-Jewish public, communities across the country, the Congress, and, not least of all, within the Jewish populace.

The writer is associate national director of the Anti-Defamation League of B'nai B'rith.

READERS' LETTERS

DRUSE EDUCATION

To the Editor of *The Jerusalem Post* Sir, - We refer to Marsha Pomerantz's article of April 4 about Druse Education and would like to express our thanks to you for raising these pressing issues and bringing them to public awareness. It is surprising but most gratifying to hear these internal conflicts described in an enlightened and intelligent manner, especially when some of the problems mentioned are currently "news" to many Druse.

One of the underlying principles in a democracy is equality, and it should be adhered to by all ministries. When the education ministry began to departmentalize to serve various sectors, questions of rights and quality of education arose.

Insulation between sectors and alienation are two of the many disadvantages of such a system. After all if the main reason for a separate Druse department is to prepare us for the army, does it not seem like a

high price to pay?

Freedom of speech applies to thinking and learning as well, so when one man writes so many books on so many various subjects (claiming to be expert in all) and then even has the power to enforce their inclusion in the general curriculum, the infringement on that fundamental right becomes frightening.

The Druse-Jewish alliance does have a history, but so do many other alliances: history is the past, we live in the present and must insure a future where our children may thrive. Referring to the past to make excuses for the present will not ease the conscience of anyone. When obligations are met and sacrifices are made, then rights must be secured, and conditions improved in equal proportions.

RAGEH KADUR,
Secondary School Graduates
Committee, Daliat al-Carmel
Daliat al-Carmel

POLICE TV SHOW

To the Editor of *The Jerusalem Post* Sir, - We refer to Wim Van Leer's article of April 4, "Fuzzy image." There is no doubt that promotion of trust and cooperation between the police and the public is essential for improving our quality of life. We believe, as Mr. Van Leer states, that the public, as well as the Israel Police, can benefit from a televised crime re-enactment programme, and we trust that such a TV show can be as successful here as the European or American versions - perhaps even more so.

To this end, we are planning an experimental series, which will be evaluated in-depth in order to ascertain its success. Police pensioners, who were top-notch investigators, have started working voluntarily on crime files in order to choose the appropriate ones suitable for visual re-enactment. We will bring these cases to the Israel TV directors for their approval and we hope that they will be as enthusiastic as we are. Preliminary talks with them brought a favourable response.

GAD AVINER,
Director-General,
Ministry of Police
Jerusalem.

PROFESSOR AMIR

To the Editor of *The Jerusalem Post* Sir, - Lea Levavi's report of March 27 on the International Congress on Rape which took place earlier this month mentions the institutional affiliation of Professor Moshe Isaac and of Esther Eilam, but not that of Menahem Amir. Menahem Amir is a professor at the Hebrew University of Jerusalem's Institute of Criminology.

BENNY MUSHKIN
Director, Department of
Press and Publications,
The Hebrew University
Jerusalem

SAVING WATER

To the Editor of *The Jerusalem Post* Sir, - Thank you for the timely article of April 16, "Wasting water," by D'vora Ben Shaul.

We are continually exhorted not to waste water because of the serious decline in the water level, apparently to no avail. Proposals are mooted for conserving the precious commodity, one being that gardeners restrict watering to before 7 a.m. and after 5 p.m. This would entail little hardship, and any responsible citizen would readily comply.

Here is a fine opportunity for those responsible for municipal gardens and official residences to set an example and desist from watering during the heat of the day, and see to it that sprinklers are regulated so that the water is confined to the

gardens and does not spill over onto pavements, incidentally spraying passersby.

With a little thought and ingenuity, we can all find ways to use water and help avert the worst.

RAE LEV-ARI
Jerusalem.

Sir, - D'vora Ben Shaul's article was long overdue and should be taken up at the highest level.

In addition to the toilet flush box adaptor which she mentions, there is also a kitchen tap available, which is operated by pressing the leg against a device, thus enabling its operator to use water only when necessary. While washing dishes, this saves an enormous amount of water.

HANNAH BRAMSON
Haifa.

HITCH-HIKING BAN

To the Editor of *The Jerusalem Post* Sir - I can hardly suppress a smile when I read protests by otherwise intelligent women against the T grapefruit ads.

I became really angry when I read that Dr. Nitzza Shapiro-Libai brags as "sexist" an IDF order forbidding women soldiers to hitch-hike (Apr. 8). Such a ban is long overdue and will help prevent future tragedies. Anyone opposing this IDF order can only be described as completely irresponsible.

JACQUELINE MILLER
Jerusalem.

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